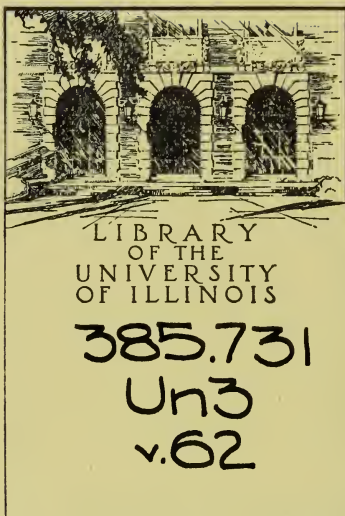


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62^D ANNUAL REPORT
OF THE
INTERSTATE COMMERCE
COMMISSION



NOVEMBER 1, 1948



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1949

INTERSTATE COMMERCE COMMISSION

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REPORT OF THE INTERSTATE COMMERCE COMMISSION

WASHINGTON, D. C., *November 1, 1948.*

To the Senate and House of Representatives:

The Interstate Commerce Commission has the honor to submit herewith its sixty-second annual report to the Congress. The period covered by this report extends from November 1, 1947, to October 31, 1948, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1948, is contained in appendix F to this report.

TRANSPORTATION DURING THE YEAR

The general condition of inflation through which the country has been passing has had a particularly marked effect on our work during the year covered by this report. Carrier costs have mounted continuously and at times abruptly. Intervals between applications for general increases in rail freight rates have been of short duration. Since the middle of 1946, we have rendered six decisions on such applications. Three of these decisions have been rendered since the date of our last annual report. It has been necessary, in this succession of emergencies, to dispose of the applications with all possible expedition. Interim and temporary increases have been granted to afford early relief, pending a more complete examination of the railroads' proposals in the light of the requirements of the act and of the national transportation policy. In this examination we have forecast the carriers' needs with all possible care, have considered the possible effects of increases in rates on the revenues of the railroads, and have endeavored to distribute the burden of increased costs among commodities and among sections of the country in such ways as to produce rates which, so far as was possible in proceedings at once urgent and of great scope, we could consider just and reasonable.

Each step during the year has been taken with a realization of the great responsibility we bear both to the public and the carriers. It is true that the general level of wholesale prices in August 1948 was 110 percent higher than in 1935-39, while the rail freight rates, with the increases which we have authorized, average only about 44 percent

higher than the general level of rates in effect on June 30, 1946, or, in fact, in 1939, and that revenue per ton-mile, 0.921 cents in June 1946, was 1.261 cents in July 1948, or only 37 percent more. There are, nevertheless, disquieting features in connection with these increases. They, with increases granted in other proceedings, have resulted in advances in certain rates of much more than 44 percent. We also are deeply sensible of the contributions of such increased rates to the general condition of inflation and of the fact that any substantial increase in transportation charges, even in a period of rising prices, has serious repercussions on the economy of the country as a whole, on sections, and on particular shippers. There also is the consideration that downward adjustments of certain important elements of carrier costs in the event of a substantial decline in the present level of business activity would be both slow and difficult, with the result that the railroads more than other agencies of transportation, and shippers dependent on rail service, will face added difficulties.

Widespread increases in wages which resulted in substantial additions to railroad expenses and concerning which, of course, we had no voice, were made prior to the presentation to us of applications for increases in rates. Higher fuel and other increased costs also were involved in these applications. No immediate alternative to large and successive increases existed, however, if the railroads were to have the relief to which they were entitled under the act and which was essential for the maintenance of adequate rail service in peace and in national emergencies. We have recognized the responsibility of the railroads, in this connection, to initiate reductions in particular rates which, in their interest and that of shippers, will remove or modify increases which may prove to have especially harmful effects. The way is open, of course, for the filing of such petitions or complaints respecting particular rates which shippers may feel justified in placing before us.

There was a slight increase in revenue tons carried and in ton-miles in the 9 months ended July 1948 as compared with the same period of the preceding year. An index of revenue ton-miles in the first 6 months of this year stood at 193 (1935-39=100), or slightly above the Federal Reserve Board index of industrial production, which stood at 190 (not seasonally adjusted). Freight revenue in those 9 months has been consistently and substantially above the level of the same months of the preceding year. Carloadings of miscellaneous traffic (largely manufactures) have declined slightly, however, and carloadings of less-than-carload traffic have fallen materially in the 11 months ended September 1948. The latter traffic, especially subject to diversion to other means of transportation, is at a level

substantially below the production index. In each of the 9 months, the volume of passenger traffic (other than commutation traffic) has been materially less than in the corresponding months of the preceding year, but the over-all percentage decline in revenue has been substantially less than the percentage decline in traffic.

For a number of reasons, the railroads in their own interests must not rely or expect us to rely solely on what their cost sheets show. Rate increases may be carried to the point where they are largely self-defeating. Viewed from a broader standpoint, continuing and large advances in rates work changes in the national economy which, on the whole, should be avoided where possible. Whether transportation is cheap or dear in terms of other prices, the flow of goods into our characteristically national markets and the economies flowing therefrom will be checked. As we said in our last annual report:

Decentralization or relocation of industries, and to an extent of population, the use of substitutes, recourse to foreign markets, and diminution of tonnage or travel and of revenue therefrom, are consequences when the price of transportation is forced upwards by costs to a level which the traffic will not bear.

While not unmindful of the many efforts which railroads individually and to some extent collectively are making to increase the efficiency of particular operations, and while appreciative of the fact that most railroads face difficulties in securing outside funds with which to effect cost-reducing fixed improvements, we are of the view that much more must be done to increase the efficiency and reduce the costs of railroad operations. Opportunities of this kind extend from the multitude of minor day-to-day operations to large-scale changes in practices which require both careful planning and substantial capital investments. Lapses in operating procedures which lower standards of services are costly to correct and discourage the use of rail service. A thorough searching out of better ways of doing these lesser things which constitute a railroad's day's work must be undertaken. Bold experimentation with new devices and methods seems also to be required in some instances. The cooperation of employees, from top to bottom, is a first essential for successful determination of where weaknesses lie and for the application of remedial steps. Imagination and ingenuity must be brought to the task. The responsibility for effecting improvements lies directly with the railroads. It will be our purpose, however, to furnish such help as may be possible.

We commented in our last report on the increased age of railroad freight cars and expressed the hope that the rate increases the railroads had received would make it possible to correct this situation in large part, if necessary materials were available. The decline in the inventory of equipment for a number of years before the war, together

with the extraordinarily heavy demand for service during the war, put all available cars to very severe use. The result has been a large number of retirements, at a time when volume of traffic has continued at a high level. Service has suffered, though to a less extent in the current year than in the preceding one. A program calling for the construction of 10,000 cars a month was inaugurated in February 1947. Owing principally to lack of steel, actual deliveries of new cars did not reach the 10,000-car level until June 1948. It is recognized now in some quarters that a higher rate of production is needed.

Although the railroads have put forth a sustained effort to build up their supply of useful cars, the results have not been as good as could have been desired. The average age, roughly calculated, of cars (except the cars of private car lines referred to above) was about 20.7 years on January 1, 1948. About 365,000, or 21 percent, of these cars were over 30 years of age.

An illustration of the effect of rate increases on traffic and revenues is provided by the experience of the Railway Express Agency, Inc. In recognition of sharply rising costs and of the losses being incurred by the railroads in handling express traffic, we permitted an increase of 20 cents per 100 pounds in the Agency's first class less-than-carload rates, effective on December 13, 1946; a further increase equal on the average to about 34 cents per shipment went into effect on October 25, 1947; a still further increase of about 10 percent became effective on January 22 of this year. Less-than-carload shipments fell from 231.5 million in 1946 to 189.3 million in 1947, or 18.2 percent, while the aggregate revenue increased less than 2 percent; in the first half of 1948 the number of such shipments was 22.8 percent below that in the same period of 1947, while the revenue earned was only 0.7 percent greater. All business indexes indicate that the potential demand for express service has been at a peak level in the period following these increases. Shipments by parcel post have gone up sharply. Reductions in expenses incident to the smaller scale of operations have been a principal factor in enabling the Express Agency to advance its payments to the railroads and other carriers, not including airlines, by 24.0 percent on less-than-carload traffic, 1947 compared with 1946, and about 4 percent further in 1948, based on the record of the first 6 months. The express privilege payments rose from 22.51 percent of total less-than-carload revenues of the Agency in 1946 to 29.58 percent in the first half of 1948, but the latter percentage falls below what is generally considered to be required to remunerate the railroads adequately for costs they incur in behalf of this traffic.

Intercity motor carriers of property have transported a larger volume of traffic in the period since our last report than in any other similar period. Their present volume of business reflects the high

level of production in the country and presumably some new diversions of traffic from the railroads by reason of rate and service considerations. These carriers are now in a more favorable strategic position in relation to the railroads than generally has been the case in the past. Wage rates and equipment, parts, fuel and other costs have risen during the year. Some advances in motor rates have occurred during the year. The operating ratio of all intercity class I motor carriers has declined from 96.4 percent in 1946 to 95.1 percent in 1947, and from 94.6 to 93.7 percent in the first quarter, 1948 compared with 1947. For common carriers of general commodities, the largest group, this ratio has declined from 96.6 percent in 1946 to 95.2 percent in 1947, and from 94.5 to 93.5 percent in the first quarter, 1948 compared with 1947. Revenue per ton, \$8.31 in the first quarter of 1947, was \$9.21 in the same quarter of 1948, or 10.8 percent higher.¹ For common carriers of general commodities this average was \$10.86 in the first quarter of 1947 and \$12.51 in the same quarter of 1948, or 15.2 percent higher. These comparisons are affected, however, by duplications in reported tonnage and by possible changes in the composition of the traffic handled and in the average haul per shipment. Recent and prospective increases in wage rates and in other costs are leading to applications for further general increases in rates in some areas. Production of motor equipment of improved design has been at a high level, but data as to purchases during the current year by class I and other for-hire carriers are not at hand. While adequate evidence is not available, it appears that private motor trucking has increased during the year.

Class I motor carriers of property engaged in local transportation experienced a smaller increase in revenue than did class I intercity carriers, 1947 compared with 1946, and the first quarter of 1948 compared with the same quarter of 1947. Their average operating ratio was 95.5 percent in 1946 and 95.0 percent in 1947; in the first quarter of 1948 it was 96.7 percent compared with 94.3 percent in the corresponding quarter of 1947.

Intercity motor carriers transported 0.7 percent fewer intercity passengers in the first 6 months of 1948 than in the same period of 1947. Their operating revenues from this traffic increased 2.6 percent. Expenses of all operations increased 7.5 percent. Vehicle-miles operated in this service advanced 2.0 percent. The operating ratio was 89.3 percent in the first half of 1947 and 92.7 percent in the same period of 1948. The loss in volume of traffic has been materially less than the loss incurred by the railroads in the same period. Scattered increases in fares have been made during the year. New equip-

¹ Revenues per ton per carrier of class I railroads in the same quarters were \$2.46 and \$2.82 or 14.6 percent higher in 1948 than in 1947.

ment of advanced design is more generally available than it was a year ago.

Local or suburban carriers experienced changes in revenues and expenses and in number of passengers carried, generally similar to the changes indicated above. Their operating ratio, 92.5 percent in the first half of 1947, was 95.7 percent in the same period of 1948.

Water carriers subject to our jurisdiction in the coastwise, inter-coastal, and Great Lakes trades generally have not been able to make much progress in dealing with the extremely difficult conditions, including high costs, which have confronted them since the war. Stop-pages of service because of labor-management differences have been costly to all sides and have crippled efforts of the carriers to rehabilitate themselves. We have been keenly mindful of the problems and needs of these carriers and of the important defense role which the vessels of certain of these carriers have played, and have taken and will continue to take such steps as are possible under the act to assist them in regaining lost ground. In *Increased Freight Rates, 1947*, 270 I. C. C. 403, at pages 441-445, we pointed out that the responsibilities to the entire family of carriers and to shippers which the act and the national transportation policy place on us set serious limits to what we may do in the interest of a particular form of transportation. Changed conditions make it necessary to add, in frankness, that in some respects the prewar pattern of operations may be beyond restoration.

Generally carriers on our inland waterways have fared better, despite large increases in costs. Use of labor-saving, modern equipment to an increasing extent and concentration largely on shipments which involve relatively low terminal handling costs have been factors in the success generally being achieved by these carriers.

The prevailing conditions in the water carrier trades are discussed somewhat more at length elsewhere in this report. However, the following table and comment throw light on certain of the observations offered above.

This table is confined to identical carriers which reported operations in both periods used in a given comparison. Averages prepared on even this basis may be misleading in some instances. It may be pointed out, nevertheless, that tons carried in 1947 exceeded tons carried in 1946 by 23.5 percent, that a decline of 2.4 percent occurred in the first quarter of 1948 compared with the same quarter of 1947, and that an increase of 2.6 percent occurred in the second quarter of 1948 over the second quarter of 1947. Total freight revenue increased 44.2 percent, 1947 over 1946, and 28.1 and 35.1 percent in the respective quarters of 1948. Revenue per ton increased 17.1 percent in the year 1947 and 31.6 and 31.7 percent in the first and second

Percentage changes in revenue, tons, and revenue per ton, water carriers subject to the Commission's jurisdiction, year 1947 and first and second quarters of 1948 compared with year 1946 and first and second quarters of 1947, by trade routes ¹

NOTE.—This table is based on identical carriers which reported operations in both periods used in a given comparison and covers both class A and class B carriers. Data for second quarter of 1948-47 exclude 3 carriers whose reports had not yet been filed at time this table was prepared.

| Trade route | Freight revenue | | | Tons carried | | | Revenue per ton | | |
|--|-----------------|--------------------|---------------------|--------------|--------------------|---------------------|-----------------|--------------------|---------------------|
| | 1946-47 | First quarter 1948 | Second quarter 1948 | 1946-47 | First quarter 1948 | Second quarter 1948 | 1946-47 | First quarter 1948 | Second quarter 1948 |
| Atlantic-Gulf..... | 55.3 | 91.9 | 48.9 | 17.6 | 15.3 | 11.4 | 31.5 | 66.0 | 33.5 |
| Great Lakes..... | 34.7 | 28.0 | 35.5 | 25.4 | ² 2.7 | 24.0 | 8.0 | 32.2 | 9.0 |
| Mississippi River and tributaries..... | 38.4 | 3.7 | 31.9 | 25.5 | ² 9.1 | 12.4 | 10.2 | 14.2 | 17.5 |
| Intercoastal..... | 48.5 | 20.6 | 34.1 | 18.0 | ² 2.4 | 11.5 | 25.8 | 23.6 | 20.3 |
| Pacific coast..... | 41.6 | 31.0 | 17.5 | 24.4 | ² 6.3 | ² 41.5 | 14.9 | 39.5 | 100.0 |
| Total..... | 44.2 | 28.1 | 35.1 | 23.5 | ² 2.4 | 2.6 | 17.1 | 31.6 | 31.7 |

¹ Compiled from Statements No. Q-650. These statements show revenue and traffic data for all carriers reporting in a given quarter.

² Decrease.

quarters of 1948. Changes in the composition of the traffic carried and in average haul in the several periods must, of course, be considered.

The details by principal trade routes given in the table indicate about a 12-percent increase in tons carried in the second quarter of 1948 over the tons carried in the second quarter of 1947 except in the case of Great Lakes carriers, which reported an increase of 24 percent, and Pacific coast carriers, which reported a decrease of 41.5 percent. Freight revenue in this quarter was about a third higher in three trade routes, but was 49 percent higher in the Atlantic-Gulf trades and 17.5 percent higher in the Pacific coast area. Revenue per ton was up one-third in the Atlantic-Gulf trade, 9 percent on the Great Lakes, 17.5 percent in the Mississippi River trade, 20 percent in the intercoastal trade, and 100 percent in the Pacific coast trade.

The preceding comparisons reflect, as well as the statistics of carriers engaged in varied types of operations permit, the results obtained by identical carriers, as distinguished from the results which would be obtained if the entire operations on a route are compared and the route is considered an entity. Differences in the percentage changes from those shown above would result.

There was relatively little change in the volume of business done by freight forwarders in 1946, 1947, and the first quarter of 1948. The transportation revenues of these companies, however, increased 20.1 percent, 1947 compared with 1946, and 13 percent in the first quarter of 1948 compared with the same quarter of 1947. We authorized the forwarders to increase their rates simultaneously and ratably with increases in the rates of the carriers whose services they use. Payments for transportation purchased have remained, there-

fore, substantially constant at about 77 percent of the revenues collected from the public. The average charge per 100 pounds was 49.7 percent higher in the first quarter of 1948 than it was in the first quarter of 1946; per shipment, the average charge had increased 55.1 percent. Operating expenses were 17.8 percent higher in 1947 than in 1946 and 18.3 percent higher in the first quarter of 1948 than in the same quarter of 1947. Net income after provision for income taxes almost doubled in 1947, but was down 10.9 percent in the first quarter of 1948 under the same quarter of 1947.

Common carriers of crude and refined oils by interstate pipe lines have continued to show a substantial increase in volume of business and revenues. We noted in Docket No. 26570, *Reduced Pipe Line Rates and Gathering Charges*, 272 I. C. C. 375, decided September 24, 1948, that, in sharp contrast to the upward trend in the rates of other common carriers, there was a reduction of more than 40 percent, 1933 to 1947, in the rates on crude oil of representative pipe lines. Average revenue per barrel of oil originated, both crude and refined, has declined from 23.56 cents in 1940 to 20.10 cents in 1947, or 17.2 percent. Our investigation, instituted in 1934 and leading to our first report in the above-mentioned proceeding, 243 I. C. C. 115, initiated a downward trend in rates which has been continued on a voluntary basis. The unprecedented demand for petroleum products during and since the war has improved the average load factor of the lines materially and has led to the construction of new lines. The net additions made by reporting carriers amounted to about 6,000 miles in 1946 and 1947. Considerable construction occurred in 1948, and other lines will be laid as soon as pipe becomes available. A substantial mileage of interstate refined oil lines is not covered in reports to us.

We have referred in our last two annual reports to strikes in industry and transportation and to their effects. In May of this year a serious crisis in labor-management relations in the railroad industry led to the issuance of a temporary restraining order, followed by a preliminary and a permanent injunction, requiring that a strike then imminent not be carried out, and to the President's taking possession and assuming control of the railroads, through the Secretary of the Army, on May 10. Thereafter, the earlier findings of a fact-finding board were accepted, with minor amendments, by the three operating unions involved. The railroads were returned to private control on July 9. Subsequent wage negotiations have been referred to earlier herein. Two other emergencies have led to the taking over of the railroads in recent years. One developed in December 1943 and the other in May 1946, when rail service ceased almost completely for 2 days. This latest emergency and the measures taken in coping with it lend further weight to the observation in our report for 1946

that "the public interest requires a careful new appraisal of the possibility of avoiding strikes in transportation without unduly trespassing on the rights of contending groups. The problem," it was added, "is not one which can be solved entirely by additional legislation; a large share of responsibility necessarily rests on carrier management and the leaders of organized labor." While other forms of transportation subject to our jurisdiction have experienced stoppages, some of serious extent, in the year, their labor-management relations are now subject to the provisions of new Federal legislation.

The decision of the Supreme Court in *Federal Trade Commission v. Cement Institute*, 333 U. S. 683, is causing concern to some carriers and shippers. The finding that the absorption of freight charges by shippers is unlawful under the circumstances there presented is considered to have divergent effects on the several agencies of transportation and in some quarters is believed likely to lead to permanent and possibly far-reaching shifts in the location of industries.

The transportation tax continues to yield large revenues: \$246,323,000 in the year ended June 30, 1948, in the case of the tax on passenger travel, and \$317,203,000 in the case of the tax on property transportation. The tax on the transportation of oil by pipe line yielded \$18,773,000. This method of taxation discriminates against long-haul shippers in reaching common markets in competition with short-haul shippers and adds to the difficulties of for-hire carriers in their competition with private transportation by automobile, truck, or vessel. In view of this discrimination, and of the greater opportunities enjoyed by such private transportation since the war, it appears reasonable to question whether continued use of for-hire carriers for tax-collecting purposes is justified.

PROGRESS OF THE RAILWAYS—OPERATING EFFICIENCY AND FINANCIAL POSITION, 1921-22 AND 1946-47

Comparisons of the operating efficiency and financial position of the railroads following the First and Second World Wars reveal some very interesting and, in many respects, favorable changes. Because the railroads continued under Government control until well into 1920 and the peculiarity of the financial results due to Federal control accounting requirements during this period, the years 1921 and 1922 are used here as representative of the post World War I years for comparison with the years 1946-47, the first two full years after the close of World War II. Figures for the intermediate years, 1929 and 1939, respectively, have also been included for comparative purposes. Both were years of very high levels of traffic and revenues in each of their respective decades.

As the railroad business is one of so-called increasing returns, some of the indicated improvements in operating efficiency must be taken as a reflection of the much greater volume of traffic in the years following the Second World War as compared with the two following the earlier one. The figures for the two intermediate years of 1929 and 1939 afford some indication as to the trends between the two postwar periods.

In the two postwar years 1946-47 the average revenue load per freight car was roughly 5 to 6 tons above the load in 1921-22, or 20 to 25 percent higher. Similarly, the revenue freight trainloads in the 2 years following World War II averaged over 1,000 tons as compared with loads of 580 and 676 tons in the postwar years 1921-22. Despite these large increases in load, freight-train speeds of 16 miles per hour in the later postwar years were roughly 4.5 and 5.5 miles per hour higher than in the earlier two postwar years. Also, in spite of the heavier carloads and train loads in the later pair of postwar years, unserviceable freight locomotive percentages of 17.4 and 15.8 and unserviceable freight car percentages of 3.6 and 3.8 were far below the corresponding percentages of 24.0 and 25.5 percent for locomotives and 13.1 and 12.8 for freight cars in 1921 and 1922. The average lengths of haul of revenue freight (per road) in the later pair of years was about 227 miles as compared with 182 miles in 1921 and 184 miles in 1922, or 40-odd miles longer in the later 2 years.

In the passenger service the railroads carried 25 and 21 passengers per car in 1946 and 1947, respectively, as compared with 16 passengers in both 1921 and 1922. In 1946 the number of passengers per train was 144 or more than twice the 67 and 65 reported in 1921 and 1922, respectively. The 1947 figure of 111 passengers per train, though continuing the downward trend since the war, was still very high as compared with the two earlier postwar years. Similarly, the average journey per passenger (per road) of 81.9 miles in 1946 and 65.3 miles in 1947 greatly exceeded the journeys of 36 and 37 miles in 1921 and 1922, respectively. Unserviceable percentages of road passenger locomotives and passenger cars also declined sharply between the two periods following a pattern similar to that of unserviceable freight locomotives and freight cars.

In 1946 railway operating revenues of the class I roads exceeded those of either of the two post World War I years by over \$2,000,000,000, and the 1947 figure was higher than either by over \$3,000,000,000. Despite these facts, net railway operating income in 1946 and in 1947 increased only about \$20,000,000 over that of 1921 and 1922, respec-

Operating statistics—Class I line-haul steam railways

| Item | 1947 | 1946 | 1939 | 1929 | 1922 | 1921 |
|--|-------|-------|-------|------------------|------------------|------------------|
| Tons of revenue freight originated (millions) | 1,538 | 1,367 | 902 | 1,339 | 1,024 | 940 |
| Ton-miles of revenue freight per car-mile (loaded) | 30.6 | 29.3 | 24.6 | 24.7 | 24.3 | 24.6 |
| Ton-miles of revenue freight per train-mile | 1,076 | 1,016 | 743 | 730 | 611 | 579 |
| Average length of haul of revenue freight (per road) | 226.7 | 227.5 | 203.8 | 182.5 | 184.3 | 181.5 |
| Revenue ton-miles per mile of road (thousands) | 2,870 | 2,597 | 1,427 | 1,852 | 1,445 | 1,309 |
| Number of revenue passengers (millions) | 703 | 790 | 450 | 780 | 967 | 1,035 |
| Average journey per passenger per road | 65.3 | 81.9 | 50.3 | 39.8 | 36.7 | 36.0 |
| Revenue passenger-miles per train-mile | 111 | 144 | 58 | 55 | 65 | 67 |
| Revenue passenger-miles per car-mile | 21 | 25 | 13 | 13 | 16 | 16 |
| Revenue passenger-miles per mile of road (thousands) | 205 | 289 | 99 | 129 | 151 | 160 |
| Train-miles per train-hour: | | | | | | |
| Freight train | 16.0 | 16.0 | 16.7 | 13.2 | 10.6 | 11.5 |
| Passenger train | 36.1 | 35.5 | 35.5 | (¹) | (¹) | (¹) |
| Percent unserviceable (at close of year): | | | | | | |
| Locomotives: | | | | | | |
| Yard switching | 8.6 | 11.4 | 19.1 | (¹) | (¹) | (¹) |
| Road freight | 15.8 | 17.4 | 29.7 | 16.4 | 25.5 | 24.0 |
| Road passenger | 13.3 | 15.2 | 23.9 | 16.2 | 23.5 | 23.1 |
| Freight cars | 3.8 | 3.6 | 8.4 | 6.0 | 12.8 | 13.1 |

¹ Not available.

tively, the increases in operating expenses in the later pair of years having largely canceled out any favorable effects from these very large increases in operating revenues. In 1946 the operating ratio of 83.35 percent exceeded that of either 1921 and 1922 and the 1947 ratio of 78.27 was only 1.16 percentage points below that of 1922. Net income for 1946 was less than in either 1921 or 1922, despite all the improvement in the operating averages shown above and the reduction in interest and fixed charges, considered below, which occurred between these two pairs of postwar years. Even in 1947, net income rose only \$165,000,000 over 1921 and only \$109,000,000 over 1922.

Financial results—Class I line-haul steam railways

[MILLIONS OF DOLLARS]

| Item | 1947 | 1946 | 1939 | 1929 | 1922 | 1921 |
|---|-------|-------|-------|-------|-------|-------|
| Freight revenues | 7,041 | 5,787 | 3,244 | 4,815 | 3,992 | 3,911 |
| Passenger revenues | 963 | 1,259 | 417 | 872 | 1,074 | 1,152 |
| Railway operating revenues | 8,685 | 7,628 | 3,995 | 6,278 | 5,558 | 5,515 |
| Railway operating expenses | 6,797 | 6,357 | 2,918 | 4,506 | 4,415 | 4,563 |
| Net railway operating income | 781 | 620 | 589 | 1,252 | 760 | 601 |
| Net income (after fixed charges and other deductions) | 479 | 287 | 93 | 897 | 370 | 314 |
| Operating ratio | 78.27 | 83.35 | 73.05 | 71.76 | 79.41 | 82.71 |

AS PERCENTS OF 1939

| Item | 1947 | 1946 | 1939 | 1929 | 1922 | 1921 |
|---|-------|-------|-------|-------|-------|-------|
| Freight revenues | 217.0 | 178.4 | 100.0 | 148.4 | 123.1 | 120.6 |
| Passenger revenues | 231.3 | 302.3 | 100.0 | 209.5 | 257.9 | 276.5 |
| Railway operating revenues | 217.4 | 190.9 | 100.0 | 157.2 | 139.1 | 138.0 |
| Railway operating expenses | 232.9 | 217.9 | 100.0 | 154.4 | 151.3 | 156.4 |
| Net railway operating income | 132.6 | 105.3 | 100.0 | 212.6 | 129.1 | 102.1 |
| Net income (after fixed charges and other deductions) | 513.9 | 308.1 | 100.0 | 970.3 | 338.6 | 332.2 |
| Operating ratio | 107.1 | 114.1 | 100.0 | 98.2 | 108.7 | 113.3 |

Owing largely to the high traffic and revenues of the recent war years and to conservative policies with regard to dividend disbursements despite the high wartime earnings, the class I roads emerged from World War II with an excellent current position, as has been noted elsewhere in this report. Even during the late war prosperity the dividends declared by the class I roads were less than \$300,000,000 in any year and below those not only of 1921 and 1922, but of any year in the 1920's. The excellence of the current position as a result of the late war no doubt contributed in no small degree to the voluntary reductions in funded debt and interest charges, which reductions, combined with those resulting from the completion of numerous reorganizations, resulted in the large decreases in both debt and interest charges as shown in the table below. Unfortunately, however, it is impossible to make comparisons of current cash and net working capital positions in these postwar years 1946-47 with the corresponding situations in 1921 and 1922 after the First World War because of the various changes which we have made in our uniform classification of accounts in the intervening period. However, these changes in the accounts do not affect either the cash or materials and supplies accounts and hence comparisons between the two pairs of postwar years. At the end of 1946 and 1947 the cash reported by the class I railroads aggregated \$861,495,000 and \$942,503,000, respectively, as compared with \$418,266,000 at the end of 1921 and \$483,717,000 at the end of 1922. The increases in the two later years as compared with the two earlier years are 106.0 and 94.8 percent, respectively.

In view of the rapid rise in prices since the close of World War II, it is interesting to find that the \$653,153,000 of materials and supplies on hand at the end of 1946 was actually lower by about \$12,000,000 than the \$665,147,000 in the inventory at the end of 1921. Even at the end of 1947 the \$765,487,000 inventory of materials and supplies was still only \$100,000,000 higher than the corresponding 1921 figure though about \$219,000,000 above the 1922 figure of \$546,285,000. In view of the very large increases in the prices of the materials which the railways purchase, the roads have apparently been able to operate in the recent postwar years with much lower inventories in terms of physical quantities than was true in 1921 and 1922, despite the vastly greater volume of traffic in the later pair of years.

By the end of 1946, owing to reorganizations and voluntary reductions already referred to, the funded debt of the class I roads had fallen to \$7,892,000,000 and by the end of 1947 had declined another \$200,000,000. The funded debt at the end of 1946 was \$1,847,000,000 under that at the end of 1921, and at the end of 1947 was about \$2,000,000,000 under the figure at the end of 1922. Percentagewise, the decrease of 1946 under 1921 was 19 percent and of 1947 under 1922,

21.3 percent. The percentage reduction of interest charges was even greater, 1946 showing a drop of \$102,000,000 or 22.4 percent under 1921 and 1947 declining \$132,000,000 or 28.8 percent below 1922. Partly because of this decrease in interest charges, there were also substantial declines in the amounts of fixed charges in both 1946 and 1947 under 1921 and 1922, respectively. The failure of net income in 1946 and 1947 to show very much improvement over 1921 and 1922 renders these decreases in interest and fixed charges especially significant. In 1946 the net income available for fixed charges of \$796,000,000 was about \$136,000,000 below that in 1921 and was \$204,000,000 below the figure in 1922. At the end of 1947 the \$965,000,000 available for fixed charges was approximately \$35,000,000 below the level of 1922 though \$33,000,000 above the figure for 1921. It is apparent, therefore, that reductions in total fixed charges of \$147,000,000 between 1921 and 1946 and of \$193,000,000 between 1922 and 1947 were major factors in preventing very substantial decreases in 1946 and 1947 net income under the figures of a quarter of a century ago.

Funded debt and net income class I line-haul railways

[MILLIONS OF DOLLARS]

| Class I railways (excluding lessors) | 1947 | 1946 | 1939 | 1929 | 1922 | 1921 |
|---|-------|-------|-------|--------|-------|-------|
| Funded debt (includes equipment obligations)..... | 7,692 | 7,892 | 9,704 | 10,638 | 9,773 | 9,739 |
| Interest on funded debt..... | 326 | 354 | 438 | 499 | 458 | 456 |
| Total fixed charges..... | 437 | 471 | 608 | 693 | 630 | 618 |
| Net income available for fixed charges..... | 965 | 796 | 725 | 1,589 | 1,000 | 932 |
| Dividends declared..... | 236 | 235 | 126 | 490 | 272 | 401 |

PERCENT OF 1939

| | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| Funded debt (includes equipment obligations)..... | 79.3 | 81.3 | 100.0 | 109.6 | 100.7 | 100.4 |
| Interest on funded debt..... | 74.4 | 80.8 | 100.0 | 113.8 | 104.5 | 103.9 |
| Total fixed charges..... | 71.9 | 77.5 | 100.0 | 114.0 | 103.7 | 101.7 |
| Net income available for fixed charges..... | 133.1 | 109.8 | 100.0 | 219.3 | 137.9 | 128.5 |
| Dividends declared..... | 187.8 | 186.3 | 100.0 | 389.2 | 215.6 | 318.2 |

TRAFFIC AND EARNINGS OF TRANSPORT AGENCIES

For the 12 months ended June 30, 1948, the combined operating revenues of the eight groups of carriers subject to regulation by us increased by 21.66 percent over the revenues for the calendar year 1946, as shown in the accompanying table. Excepting the Railway Express Agency, the Pullman Company, and motor carriers of passengers, all groups of carriers participated in this combined increase between the two dates. The decreases shown for the Railway Express Agency and the Pullman Company occurred despite increases in express charges and Pullman fares between the two periods. In terms of the calendar year 1946, the largest increase in operating revenues in

the 12 months ended June 30, 1948 was 79.75 percent for the water lines. The second largest increase was 39.89 percent, reported by motor carriers of property. Despite large increases in railroad rates, fares, and charges in 1947 and 1948 the increase in rail operating revenues was only 20.23 percent, which was a little above the increase of 18.97 percent shown by oil pipe lines. Private car lines and freight forwarders are not included in the accompanying table. Based on quarterly reports, the operating revenues of private car lines amounted to \$155,153,699 for the fiscal year ended June 30, 1948 and those of freight forwarders \$60,610,409 for the same period.

Operating revenues ¹

| Class of carrier | 12 months ended June 30, 1948 | | Year ended Dec. 31, 1947 | | Year ended Dec. 31, 1946 |
|---|----------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------------|
| | Amount | Percent of calendar year 1946 | Amount | Percent of calendar year 1946 | Amount |
| | <i>Thousands</i> | | <i>Thousands</i> | | <i>Thousands</i> |
| Steam railways ² | \$9, 440, 383 | 120. 23 | \$8, 972, 775 | 114. 27 | \$7, 852, 210 |
| Railway Express Agency ² | 311, 218 | 95. 40 | 312, 981 | 95. 94 | 326, 230 |
| Pullman Co..... | 114, 331 | 83. 84 | 115 029 | 84. 35 | 136, 368 |
| Electric railways..... | 85, 368 | 108. 19 | 79, 523 | 100. 78 | 78, 908 |
| Water lines ⁴ | 265, 655 | 179. 75 | 241, 498 | 163. 40 | 147, 795 |
| Pipe lines (oil)..... | 349, 448 | 118. 97 | 325, 224 | 110. 72 | 293, 723 |
| Motor carriers of passengers..... | 547, 265 | 98. 73 | 535, 872 | 96. 67 | 554, 331 |
| Motor carriers of property..... | 2, 377, 097 | 139. 89 | 2, 125, 774 | 125. 10 | 1, 699, 236 |
| Grand total..... | 13, 490, 765 | 121. 66 | 12, 708, 676 | 114. 61 | 11, 088, 801 |

¹ Partly estimated. Some of the 1946 figures as given in the 61st annual report have been revised.

² Includes switching and terminal companies.

³ After deducting payments to others for express privileges.

⁴ Includes only revenue from domestic traffic subject to the jurisdiction of the Interstate Commerce Commission.

The relative importance of the several modes of transportation in the United States can only be broadly estimated because uniform and complete traffic statistics of certain agencies are not available. Subject to a margin of error that may be considerable, especially for highway and water transportation, the following table gives the estimated freight ton-miles and passenger-miles of all intercity carriers, public and private, except coastwise and intercoastal water carriers, for the calendar years 1946 and 1947.

The figures indicate that the 995,001,000,000 ton-miles of intercity freight traffic, excluding coastwise and intercoastal traffic, in 1947 was 12.7 percent above that of 1946, and only 1.8 percent below the level of 1945, a war year. All agencies of transport shared in the increase, with air and highway carriers showing the greatest percentage gains, 35.1 and 21.2 percent, respectively, and railways the smallest, 10.4 percent. Of the total intercity ton-miles for the year 1947 the railways accounted for 66.78 percent, as compared with 68.19 in 1946, and

69.25 percent in 1944, the year of peak war traffic. Relatively, the motor carriers and waterways improved their positions somewhat in 1947 over 1946. In the case of the pipe lines and airways, there was practically no change.

Primarily because of an increase of 8.1 percent in the estimated volume of passenger traffic attributable to private automobiles, the total number of passenger-miles of all intercity carriers combined in 1947 was only 0.4 percent below that of 1946. Railway passenger traffic, however, dropped 29.0 percent, as compared with decreases of 8.5 percent for motor carriers of passengers and 20.7 percent in the case of the waterways, but airways traffic was up 2.5 percent. Private automobiles are estimated to have accounted for 77.76 percent of all intercity passenger-miles in 1947, as compared with 71.70 percent in 1946. Although the air proportion of the total passenger traffic also rose slightly between these years the increase in the estimated volume of private automobile passenger traffic is chiefly responsible for the sharp decline in the railway proportion of the total from 18.74 percent in 1946 to 13.36 percent in 1947, as well as for the decreases in the proportion of the motor and water carriers.

Volume of intercity traffic, public and private, by kinds of transportation

| Agency | Ton-miles | | | | Passenger-miles | | | |
|---|----------------------|----------------------|------------------------|--------|---------------------|---------------------|------------------------|--------|
| | 1946 ¹ | 1947 | Percent of grand total | | 1946 | 1947 | Percent of grand total | |
| | | | 1946 | 1947 | | | 1946 | 1947 |
| | | | | | | | | |
| 1. Railways, steam and electric, including express and mail..... | Millions 602, 099 | Millions 664, 467 | 68.19 | 66.78 | Millions 66, 262 | Millions 47, 066 | 18.74 | 13.36 |
| 2. Highways: | | | | | | | | |
| Motor carriers of passengers..... | | | | | 25, 576 | 23, 404 | 7.23 | 6.64 |
| Private automobiles..... | | | | | 253, 570 | 274, 008 | 71.70 | 77.76 |
| Motor transportation of property..... | 64, 300 | 77, 919 | 7.28 | 7.83 | | | | |
| Total..... | | | | | | | | |
| 3. Inland waterways, including Great Lakes..... | 123, 973 | 148, 358 | 14.04 | 14.91 | 2, 327 | 1, 845 | 0.66 | 0.52 |
| 4. Pipe lines (oil)..... | 92, 490 | 104, 153 | 10.48 | 10.47 | | | | |
| 5. Airways (domestic revenue service) including express and mail..... | 77 | 104 | .01 | .01 | 5, 910 | 6, 057 | 1.67 | 1.72 |
| Grand total..... | 882, 939 | 995, 001 | 100.00 | 100.00 | 353, 645 | 352, 380 | 100.00 | 100.00 |

¹ Some of 1946 figures as given in the 61st annual report have been revised.

SOURCES:

1. Interstate Commerce Commission reports: Electric railway ton-miles and passenger-miles estimated on the basis of revenues. Mail ton-miles from Post Office Department are for fiscal years ended June 30.

2. Highway ton-miles estimated on the basis of Public Roads Administration traffic data for main rural roads and local rural roads. Passenger-miles in private automobiles estimated on basis of rate of change in total passenger-miles as reported by the National Safety Council. Motor carrier passenger-miles based upon reports to the Interstate Commerce Commission.

3. Waterway ton-miles estimated for 1947 on basis of reports to the Interstate Commerce Commission and Great Lakes bulk cargo traffic (including oil) from annual report of Lake Carriers Association. 1947 passenger-miles based upon reports to Interstate Commerce Commission. 1946 data from Office of the Chief of Engineers, U. S. Army. Does not include coastal and intercoastal traffic.

4. Includes refined as well as crude oil, with an allowance for gathering lines.

5. Civil Aeronautics Board.

In the calendar year 1947, five of the six indicators of physical performance in the railway freight service shown in the accompanying table increased over those for 1946 by from 4.65 to 12.66 percent. The average length of haul of revenue freight, however, fell a little less than 2 percent. This improvement in 1947 performance is in contrast to 1946 and also 1945 in that all six indicators in both of these years registered a decrease under those of the preceding year. With some qualifications, the 1947 increases largely canceled out the declines in 1946 under those of 1945, so that the 1947 performance as measured by these indicators approached and in some respects bettered that of 1945, the last of the war years. Tons originated and average loads per car and per train were somewhat higher in 1947 than in 1945, but revenue ton-miles and ton-miles per mile of road were somewhat lower. Average length of haul, as noted above, declined again in 1947. In that year the average haul of 407.82 miles was about 50 miles less than in 1945, and nearly 66 miles below the same figure in 1944, the peak traffic year.

The reverse of the foregoing situation occurred in passenger performance. All six of the passenger service indicators in the accompanying table fell abruptly under 1946 as those for 1946 had fallen under 1945 and these, in turn, under 1944. Between 1946 and 1947, however, the decline, though severe, was much more moderate than that between 1945 and 1946, the range of decrease for these performance indicators between the later pair of years being from 11.11 percent to 29.10 percent, as compared with a range of from 12.90 to 41.81 percent between the two earlier years. These two drastic declines in performance are in sharp contrast with the moderate decreases of from 2.01 to 6.25 percent in 1945 as compared with 1944. However, these were both war years.

In the first half of the calendar year 1948 three of the five available freight service indicators declined under the same period in 1947 and two advanced. All these changes were of modest proportions, falling within the range from a decrease of 2.89 to an increase of 2.03 percent.

In the first 6 months of the calendar year 1948, as compared with the same period in 1947, the passenger performance indicators continued to decline. Comparison of the percentage decreases for this 6-months period with the full year 1947, however, suggests that passenger performance for the full year 1948 is likely to decline considerably less than in 1947 and very much less than in 1946.

Railway performance changes

| Item | All steam railways | | Class I line-haul railways, first half of 1948 | |
|---|---------------------|---|--|---|
| | 1947 | Percent 1947 over (+) or under (-) 1946 | 1948 | Percent 1948 over (+) or under (-) 1947 |
| Tons of revenue freight originated (thousands)----- | 1,613,148 | +12.66 | (¹) | ----- |
| Revenue ton-miles (thousands)----- | 657,877,829 | +10.58 | 308,980,491 | -2.89 |
| Ton-miles of revenue freight per car-mile ² ----- | 30.61 | +4.65 | 30.58 | +4.46 |
| Ton-miles of revenue freight per train-mile----- | 1,052.43 | +5.99 | 1,080.60 | +2.03 |
| Average length of haul revenue freight----- | ³ 407.82 | -1.84 | ⁴ 225.01 | -95 |
| Revenue ton-miles per mile of road----- | 2,752,915 | +10.63 | 1,366,022 | -2.85 |
| Number of revenue passengers (thousands)----- | 706,551 | -11.11 | 326,282 | -7.54 |
| Total passenger-miles (thousands)----- | 45,972,245 | -29.00 | 19,979,106 | -10.98 |
| Average journey per passenger (per road)----- | 65.07 | -20.13 | 61.23 | -3.73 |
| Average revenue passenger-miles per train-mile----- | 110 | -23.61 | 99 | -9.17 |
| Average revenue passenger-miles per car-mile (Class I)----- | 21 | -16.00 | 19 | -9.52 |
| Revenue passenger-miles per mile of road (Class I) ⁵ ----- | 204,854 | -29.10 | 124,767 | -10.51 |

¹ Not available.

² This average is obtained by dividing the revenue ton-miles by the total loaded car-miles, the latter figure including some cars loaded with nonrevenue freight.

³ All railways as a system.

⁴ Average haul per road.

⁵ Based on mileage operated in passenger service only.

For the calendar year 1947 the total operating revenues of the class I railways were \$8,685,000,000, or more than \$1,000,000,000 higher than the \$7,628,000,000 in 1946. In part, this result was attributable to increases in 1947 over 1946 of 12.66 percent in tons of revenue freight originated and of 10.58 percent in the revenue ton-miles, as shown for all steam roads in the preceding table. From a revenue standpoint this increase in freight traffic, however, was largely offset by a decrease in revenue passenger traffic, so that the improvement in the total operating revenues must be attributed primarily to a higher level of freight rates in 1947. For the 12 months ending with June 1948 operating revenues of \$9,137,000,000 were \$452,000,000 in excess of those in the calendar year 1947. The difference involved represents principally the successive increases which we authorized in the Ex Parte No. 166 proceeding effective in October 1947 and January and May 1948, and also to increases in mail pay, express rates and passenger fares in various other proceedings.

The revenue figure for the 12 months ending in June 1948 was only \$300,000,000 below the record revenue figure of \$9,437,000,000 in 1944, the year of peak war traffic. However, the operating expenses for the year ending June 30, 1948, were approximately \$900,000,000 in excess of those in the calendar year 1944, with the result that the

operating ratio in this latest 12 months rose to 78.76 percent, as compared with only 66.57 percent in the calendar year of peak war traffic, despite the higher level of rates, fares, and charges. Because tax accruals in 1944 were almost double those for the 12 months ending with June 1948, however, the net railway operating income of \$818,000,000 in this later period fell only \$288,000,000 below that of the calendar year 1944. Net income for the same 12 months aggregated \$514,000,000. This was higher than that for the calendar years 1945, 1946, and 1947, though about \$150,000,000 less than that in 1944.

Class I line-haul railways

| Item | 12 months ended with June 1948 | Year ending December 31— | | | |
|--|--------------------------------|--------------------------|-------------------|-----------------|-----------------|
| | | 1947 | 1946 | 1945 | 1944 |
| | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> |
| Railway operating revenues..... | \$9,137 | \$8,685 | \$7,628 | \$8,902 | \$9,437 |
| Railway operating expenses..... | \$7,196 | \$6,797 | \$6,357 | \$7,052 | \$6,282 |
| Operating ratio..... | 78.76 | 78.27 | 83.35 | 79.21 | 66.57 |
| Railway tax accruals..... | \$949 | \$936 | \$498 | \$824 | \$1,846 |
| Net railway operating income..... | \$818 | \$781 | \$620 | \$852 | \$1,106 |
| Fixed interest on funded debt..... | ¹ \$287 | \$299 | \$333 | \$365 | \$395 |
| Net income..... | \$514 | \$479 | \$287 | \$450 | \$667 |
| Federal income and excess-profits taxes..... | \$328 | \$298 | ² \$16 | \$306 | \$1,304 |
| Net railway operating income before provision for Federal income and excess-profits taxes..... | \$1,146 | \$1,079 | \$604 | \$1,158 | \$2,410 |
| Net income before provision for Federal income and excess-profits taxes..... | \$842 | \$777 | \$271 | \$756 | \$1,971 |
| Amortization of defense projects—Road and equipment (charged to operating expenses)..... | \$17 | \$16 | \$10 | \$825 | \$191 |

¹ Partly estimated.

² Credit.

For the 12 months ending June 30, 1948, the combined total revenues and other income of the class I railroads aggregated \$9,372,000,000, which is \$276,000,000 below the record breaking level of 1944. Moreover, despite the tremendous increases in the prices of materials and supplies since the close of the war, the charges to operating expenses for these items, plus depreciation and all other expenses except wages and salaries were slightly under \$3,000,000,000. This amount was less than in the calendar year 1945 by \$544,000,000. However, the 1945 figure included \$825,000,000 for amortization of defense projects. With the further wage increase in 1947 the wages and salaries item of expenses continued to rise, reaching a total of \$4,376,000,000 for the 12 months ending June 30, 1948. As the last wage increase did not become effective until November 1947, the figure for this 12-months period does not fully reflect the annual cost of the wage increases, and the somewhat lower figure for the calendar year 1947 reflects less than 2 months of the higher November 1947 scale. Owing primarily to the rate increases in Ex Parte No. 166,

however, the \$5,429,000,000 remainder for employees and investors for the year ending June 30, 1948, was higher by \$372,000,000 than for the 12 months ending June 30, 1947 (not shown in table), and \$460,000,000 above 1944, the calendar year of peak war traffic. However, the proportion of this remainder attributable to wages and salaries rose only to 80.6 percent in the year ending June 30, 1948, from the 79.2 percent in the corresponding 1947 period, the investors' share declining from 20.8 percent to 19.4 percent. If pay-roll taxes, which are included in taxes, were treated as an addition to wages and salaries, the amounts available for employees and investors would be raised somewhat and the percentage for investors would be proportionately lower. However, on account of the reduction in the unemployment taxes effective January 1948, the amounts involved in such a transfer would be less, other things being equal, than in preceding years or 12-month periods.

Condensed income account class I line-haul railways

| Item | 12 months ended June 30, 1948 | Calendar year | | | |
|---|-------------------------------|---------------|----------|----------|----------|
| | | 1947 | 1946 | 1945 | 1944 |
| | Mil- | Mil- | Mil- | Mil- | Mil- |
| | lions | lions | lions | lions | lions |
| Revenues and other income..... | \$9, 372 | \$8, 914 | \$7, 837 | \$9, 107 | \$9, 648 |
| Cost of materials, depreciation and other expenses except wages and salaries..... | 2, 994 | 2, 828 | 2, 534 | 3, 538 | 2, 833 |
| Taxes, including income, profits, and pay-roll..... | 949 | 937 | 498 | 824 | 1, 846 |
| Total deductions..... | 3, 943 | 3, 765 | 3, 032 | 4, 362 | 4, 679 |
| Remainder for employees and investors..... | 5, 429 | 5, 149 | 4, 805 | 4, 745 | 4, 969 |
| Wages and salaries ¹ | ² 4, 376 | 4, 139 | 3, 976 | 3, 688 | 3, 651 |
| Investors' share: | | | | | |
| Rent for leased roads ³ | 128 | 127 | 125 | 142 | 159 |
| Interest on obligations..... | 327 | 335 | 365 | 400 | 432 |
| Other deductions ⁴ | 84 | 69 | 52 | 65 | 60 |
| For dividends and surplus..... | 514 | 479 | 287 | 450 | 667 |
| Percent wages and salaries..... | 80. 6 | 80. 4 | 82. 8 | 77. 7 | 73. 5 |
| Percent investors' share..... | 19. 4 | 19. 6 | 17. 2 | 22. 3 | 26. 5 |

¹ Chargeable to operating expenses and not including pay-roll taxes as follows, in millions: 12 months ended June 30, 1948, \$319; 1947, \$299; 1946, \$254; 1945, \$231; 1944, \$231.

² Partly estimated.

³ Represents largely intercompany payments among railroads, frequently in the form of interest and dividends.

⁴ Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds); and amortization of discount on funded debt.

As pointed out in the last preceding annual report, if all steam railways, including lessor companies, are treated as a single system, the percentage distribution of the remainder for employees and investors as between wages and salaries and the investors' share would differ somewhat from that shown for the class I roads, both because of the inclusion of a larger number of companies and because of the elimination of intercorporate payments through such a consolidation. On a system basis for all the roads as shown below, the percentage distribution between wages and salaries and investors' share 1947 was

in 81.5 and 18.5 percent, respectively, instead of 80.4 and 19.6 percent for the class I roads unconsolidated, shown in the previous table. In the system computation, however, as in that for the class I roads, pay-roll taxes are included as taxes and not as wages in accordance with the uniform classification of accounts.

All steam railways regarded as one system

| Item | All steam railways regarded as one system 1947 |
|--|---|
| | <i>Millions</i> |
| Revenues and other income..... | \$9, 130 |
| Cost of materials, depreciation, and other expenses except wages and salaries..... | \$2, 782 |
| Taxes, including income, profits, and pay-roll..... | \$988 |
| Total deductions..... | \$3, 770 |
| Remainder for employees and investors..... | \$5, 360 |
| Wages and salaries..... | \$4, 371 |
| Investors' share: | |
| Rent for leased roads..... | \$19 |
| Interest on obligations..... | \$389 |
| Other deductions ¹ | \$57 |
| For dividends and surplus..... | \$524 |
| Percent wages and salaries..... | 81. 5 |
| Percent investors' share..... | 18. 5 |

¹ Miscellaneous deductions from income applicable to "other income" shown; contingent charges (capital and other funds); and amortization of discount on funded debt.

As of July 31, 1945, the last year of the war, total current assets of class I steam railways aggregated \$5,058,000,000. Net working capital on the same date was \$2,009,000,000, and, excluding materials and supplies, \$1,402,000,000. All these figures are higher by between \$300 and \$500 million than those on the same date in 1944, the year of peak traffic. Since the 1945 date through July 31, 1948, the working-capital position has progressively deteriorated. Excluding materials and supplies, the diminution was especially pronounced, the decrease amounting to 43.3 percent. However, with material and supplies included, the decrease was 19.4 percent or less than half the percentage decrease excluding these items. The increase in inventories was more than \$200,000,000, much of which was presumably a reflection of price advances rather than of increases in physical quantities.

Despite the foregoing decreases, the current position does not as yet appear to be too unfavorable. On July 31, 1945, the net working capital of the railroads was more than 2.5 times and, excluding materials and supplies, more than 3.5 times that on July 31, 1941, shortly before the outbreak of World War II. Some decline from this point was perhaps to be expected in view of the large wage increases and rapidly mounting costs of material and supplies since the close of the war. On the same date, however, the 1948 working-capital figures were still approximately twice those of 1941, regardless of whether materials and supplies are included or excluded. Moreover, at the

1948 date the 1.82 ratio of current assets to current liabilities was actually higher than the 1.66 ratio at the 1945 date. Although the July 31 current ratio, excluding materials and supplies, was somewhat lower in 1948 than in 1945, as was also the ratio of cash and temporary cash investments to current liabilities, the total of these two quick asset items at the later date was still nearly equal to the entire current liabilities.

Class I steam railways as of July 31

| Item | 1945 | 1946 | | 1947 | | 1948 | |
|---|-----------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|
| | Amount | Amount | Percent decrease under 1945 | Amount | Percent decrease under 1945 | Amount | Percent decrease under 1945 |
| | <i>Millions</i> | <i>Millions</i> | | <i>Millions</i> | | <i>Millions</i> | |
| Total current assets..... | \$5,058 | \$3,760 | 25.7 | \$3,471 | 31.4 | \$3,602 | 28.8 |
| Cash and temporary cash investments..... | 3,004 | 2,200 | 26.8 | 1,918 | 36.2 | 1,878 | 37.5 |
| Material and supplies..... | 607 | 620 | ¹ 2.1 | 740 | ¹ 21.9 | 824 | ¹ 35.7 |
| Total current liabilities..... | 3,049 | 1,846 | 39.5 | 1,759 | 42.3 | 1,983 | 35.0 |
| Net working capital: | | | | | | | |
| Including material and supplies..... | 2,009 | 1,914 | 4.7 | 1,712 | 14.8 | 1,619 | 19.4 |
| Excluding material and supplies..... | 1,402 | 1,294 | 7.6 | 972 | 30.6 | 795 | 43.3 |
| <i>Ratios</i> | | | | | | | |
| Current assets to current liabilities: | | | | | | | |
| Including material and supplies..... | 1.66 | 2.04 | ----- | 1.97 | ----- | 1.82 | ----- |
| Excluding material and supplies..... | 1.46 | 1.70 | ----- | 1.55 | ----- | 1.40 | ----- |
| Cash and temporary cash investments to current liabilities..... | .99 | 1.19 | ----- | 1.09 | ----- | .95 | ----- |

¹ Represents increase.

In our last annual report it was pointed out that the figures for the first 7 months of 1947 gave some indication that the continuous rise in the unserviceability of railroad equipment had been checked. Figures for the first 7 months of 1948 would seem to confirm this only in part. In this period there was a further decline under the corresponding period in 1947 in the unserviceable percentages of both yard switching and road freight locomotives. On the other hand, the percentages of passenger locomotives and of freight cars unserviceable rose to peaks for the last 5 years of 16.0 and 4.4 percent, respectively. Though neither of these peaks was much above the unserviceable percentage in the corresponding periods in 1946 and 1947, the outlook for improved serviceability does not appear to be quite as promising as it did last year at this time. In the first 7 months of 1948 the average speed of passenger trains again rose over the corresponding period in 1947, this latter figure being higher than that in any of these periods for the 3 years 1944-46. Although there was a decrease of about 0.1 of a mile per hour in freight-train speed under 1946 and 1947, the January-June 1948 figure of 16 miles per hour still held above that in either of the same periods of 1944 and 1945. In freight service the average load per car (freight net ton-miles per loaded car-mile) and

the number of cars per train (freight car-miles per train-mile) both improved somewhat in January-June 1948, the 53.8 cars per train in 1948 being higher than for the same period in any preceding year through 1944. Similarly, the average load of 32.8 tons per car in the 1948 period under discussion was better than that of the same period in any of the 3 years 1945-47 and failed by only 0.1 of a ton to reach the load in 1944, the year of peak war traffic. In the first 7 months of 1948 the number of passengers per car (passenger-miles per car-mile) averaged only 19.3, thereby reaching a low point in an uninterrupted decline from 32.6 passengers per car in the corresponding period of 1944. However, in the same period under discussion, the number of cars per passenger train (passenger car-miles per train-mile) increased to 9.09, or slightly above the figure for 1947, checking, at least temporarily, the progressive decline from the peak of 9.70 cars per train in 1945.

Operating averages, class I steam railways

| Average | 7 months, January-July | | | | |
|--|------------------------|------|------|------|------|
| | 1948 | 1947 | 1946 | 1945 | 1944 |
| Freight net ton-miles per loaded car-mile..... | 32.8 | 32.5 | 30.9 | 32.3 | 32.9 |
| Freight car-miles per train-mile..... | 53.8 | 52.5 | 51.5 | 52.8 | 52.9 |
| Passenger-miles per car-mile..... | ¹ 19.3 | 21.3 | 25.6 | 30.6 | 32.6 |
| Passenger car-miles per train-mile..... | 9.09 | 8.99 | 9.64 | 9.70 | 9.62 |
| Train-miles per train-hours: | | | | | |
| Freight train..... | 16.0 | 16.1 | 16.1 | 15.7 | 15.7 |
| Passenger train..... | 36.6 | 36.0 | 35.3 | 34.6 | 34.8 |
| Percent unserviceable: | | | | | |
| Freight cars..... | 4.4 | 3.9 | 4.1 | 3.1 | 2.5 |
| Locomotives: | | | | | |
| Yard switching..... | 9.7 | 10.3 | 11.2 | 9.1 | 7.9 |
| Road freight..... | 16.0 | 16.5 | 16.5 | 13.1 | 12.3 |
| Road passenger..... | 16.0 | 15.7 | 15.7 | 13.7 | 13.0 |

¹ 6-months average.

GOVERNMENT OPERATION OF CARRIERS

On May 10, 1948, the President issued Executive Order 9957 taking possession and assuming control, through the Secretary of the Army, of most of the railroad transportation systems of the Nation. This action was taken when it became apparent that three railroad brotherhoods would not accept the findings and recommendations of an Emergency Board created by the President under the Railway Labor Act, and that a strike which had been called for 6 a. m., May 11, 1948, would otherwise take place. As a means of assuring continued operation of the transportation systems of the affected rail carriers, the Government obtained a temporary restraining order in the District Court of the United States for the District of Columbia, directing officers of the three railroad brotherhoods to withdraw the strike notice. On the issuance of the temporary restraining order the strike call was rescinded. The temporary restraining order was replaced

by a temporary injunction on June 10, 1948, and a permanent injunction was issued on July 2, 1948.

On July 8, 1948, the White House announced the settlement of the controversy between the railroads and the three railroad brotherhoods, and on the following day the Secretary of the Army terminated Government control of the railroad properties effective at 4 p. m., July 9, 1948. Normal railroad operations were conducted during the period of Government control.

As a result of control by the Director of the Office of Defense Transportation of the motor-carrier transportation systems of 103 motor carriers named in Executive Order 9462 dated August 11, 1944, Public Law 880 (80th Congress), was enacted on July 2, 1948, providing for the establishment of a Motor Carrier Claims Commission to hear and determine claims of the motor carriers described in the Executive Order. As originally enacted Public Law 880 provided that the Motor Carrier Claims Commission "shall receive claims for a period of six months after the date of enactment of this Act, and not thereafter." Public Law 880 carried no appropriation and the members of the Motor Carrier Claims Commission have not been appointed.

During the recent special session of Congress, Public Law 880 was amended to provide that the Motor Carrier Claims Commission shall receive claims for a period of 9 months after the date of the enactment of Public Law 880. Under the provisions of Public Law 880 the Attorney General or his assistants will represent the United States in all claims presented to the Motor Carrier Claims Commission.

CAR SERVICE AND CAR SUPPLY

During the first 9 months of 1948, freight-car shortages were less pronounced than during the corresponding period of 1947. Factors contributing to the improvement in car supply were, a decline of approximately 3 percent in revenue freight carloadings during the first 9 months of 1948 as compared with the corresponding period of 1947, an increase in the ownership of railway freight cars due to an accelerated freight car building program which has as its objective the construction of 10,000 freight cars per month, and greater efficiency in railroad operations.

Although carloadings during the first 9 months of 1948 were less than during the corresponding period of 1947, they were 5 percent greater than during the first 9 months of 1946, and only 2 percent under carloadings for the first 9 months of 1944—the peak war year.

Due to the accelerated rate of freight car retirements since V-J Day, and the increase in "bad order" cars since that time, approximately 50,000 fewer serviceable freight cars were available on September 1, 1948, than at the termination of hostilities with Japan.

It is becoming increasingly apparent that, although the construction of 10,000 freight cars per month will assist in alleviating freight-car shortages, such shortages will exist for some time unless there is a substantial increase in the present rate of freight-car construction.

The inadequate supply of railway freight cars has made it necessary to continue some "wartime" controls over rail traffic. Among such controls are the requirements relating to the maximum loading of carload freight and the loading of cars containing merchandise (less-than-carload freight) to a weight not less than 20,000 pounds. In the absence of these controls, freight car shortages doubtless would be greatly accentuated. In 1947 the average load per car of carload freight was 40.98 tons as compared with an average of 37.7 tons per car in 1940.

Reference was made in the last annual report to the efforts being made to accelerate the movement of railway freight cars. It was pointed out that at the request of the Director of the Office of Defense Transportation we had instituted on our own motion, two general investigations, Dockets Nos. 29669 and 29670, entitled respectively, Car Service, Freight Cars, and Increased Per Diem Charge on Freight Cars.

In No. 29669 in our report in 268 I. C. C. 687, we found that the respondent railroads, as a group, had failed to furnish adequate car service, to the detriment of the shipping public. Each respondent railroad was directed to file its car-service rules and regulations with us on or before November 1, 1947, and thereafter to file any changes or amendments to such rules and regulations.

In No. 29670, by report in 268 I. C. C. 659, we ordered that for a period of 6 months beginning October 1, 1947, a per diem charge of \$2 per car be paid to owners for the use of freight cars other than tank or refrigerator cars. At the time the order was issued the per diem rate was \$1.50 per car. Suits to set aside the report and order were filed in both the United States District Court for the Southern District of New York and in the United States District Court for the District of Columbia. As a result of these suits (which are discussed elsewhere in this report) the order did not become effective, and the \$1.50 per car rate continues in effect.

We now have under consideration a complaint, No. 29587, filed by numerous short-line railroads attacking as unjust and unreasonable the per diem charges paid by them since February 1, 1945, for the use of freight cars owned by other railroads, and another complaint, No. 29751, filed by six western railroads in which the Commission is asked to prescribe a just, reasonable, and compensatory rental that will make complainants and other car owning railroads pecuniarily whole for the use of their freight cars in periods of car surplus and in periods

of car shortage. The two proceedings have been consolidated. In his proposed report under No. 29587, the examiner recently recommended that we find that the assailed per diem charges have not been shown to have been or to be unreasonably high, and that the present per diem rate is not shown to be unreasonably low.

RAILROAD REORGANIZATIONS

Four additional petitions for reorganization of a railroad under section 77 of the Bankruptcy Act were filed during the period covered in this report. One was filed by the Wyoming Railroad Co. No plan has been filed in the proceedings. The other three petitions involved subsidiaries of the New York, Ontario and Western Railway Co. Two reorganizations were concluded through consummation of their plans of reorganization.

The proceedings for reorganization of the Smoky Mountain Railroad were dismissed by the district court and the property was placed in the hands of a receiver under jurisdiction of a State court. Proceedings previously instituted for reorganization of the Waco, Beaumont, Trinity & Sabine Railway Company were terminated when the circuit court of appeals affirmed the decision of the district court that the petition for reorganization was not properly filed.

A list of all reorganization proceedings before us is shown in appendix E.

At the end of the period covered by our last report, proceedings for reorganization of the New Jersey & New York Railroad Co., and the New York, Ontario & Western Railway Co. had been instituted in the courts, but no plans submitted to us. Plans were awaiting approval of the courts for the Boston and Providence Railroad Corp., Duluth, South Shore & Atlantic Railway Co., and the New York, Susquehanna & Western Railroad Co. Plans for Central of Georgia Railway Co., and Chicago, Rock Island & Pacific Railway Co., had been confirmed but not consummated.

During the period covered by this report a plan for reorganization of the Meridian and Bigbee River Railway Co. was approved by us, and the plan has been certified to the court. A modified plan of reorganization for the Rutland Railroad Co. was approved by us which has been certified to and approved by the court, and the material for submission to the creditors for acceptance or rejection of the plan is now being prepared. We also approved a plan for the Des Moines & Central Iowa Railroad. The plan of reorganization of the Duluth, South Shore and Atlantic was approved by the district court, and the material for submission to the creditors is under preparation.

The plan for reorganization of the Boston and Providence Railroad Corp., was returned to us by the district court during the year for

correction and adjustment in the light of recent court decisions and changed conditions. The property is operated by the New York, New Haven and Hartford Railroad Co. under a formula for determination of payments approved by the court in the New Haven reorganization proceedings. The trustee of the Boston and Providence has petitioned us for an order under section 5 (2) of the Interstate Commerce Act authorizing operation of the property by the reorganized New Haven with provision for payment of a just and reasonable rental or, in the alternative, authorizing abandonment of operation of the property unless provision is made for payment of such rental. No hearing has been held on the petition.

After the filing of petitions for modification of the plan of reorganization approved by us for the Wisconsin Central Railway Co., we reopened the proceeding for further hearing. Studies of earning power of the various mortgage divisions are under preparation for presentation at the hearing. As stated elsewhere in this report, the proceeding for reorganization of the Central Railroad of New Jersey was suspended before the conclusion of hearings on its plan of reorganization, to permit the filing with us of a petition for approval of alteration of its securities under section 20b of the Interstate Commerce Act.

In the Florida East Coast Railway Co. reorganization, we heard reargument on the plan and approved a supplemental report denying further modification of the plan previously approved by us providing for acquisition of the debtor's property by the Atlantic Coast Line Railroad Co. The plan is now awaiting approval by the court. In the Missouri Pacific proceeding, which was returned to us by the court, a further hearing was held and an examiner's proposed report has been served.

Proceedings for reorganization of the Boston Terminal Company, pending since 1939 have been delayed awaiting completion of the reorganization of the New York, New Haven & Hartford Railroad Co., one of the carriers using the terminal properties. During the last year, pursuant to a court decision affecting the deficiency claim of the holders of the bonds of the terminal company against the New Haven, a petition was filed with us by the trustee for authority to abandon operation of the terminal, in order to permit sale of the property at foreclosure. He also asked for a finding, as required by the decision of the Supreme Court in *Thompson v. Texas Mexican Ry. Co.*, 328 U. S. 134, that the abandonment was not inconsistent with the debtor's reorganization requirements. A hearing was held, an examiner's proposed report issued, and argument heard on exceptions. No final decision as yet has been issued.

We approved a plan for the New York, Susquehanna & Western Railroad Co. and certified it to the court in 1945. Approval by the court has awaited termination of litigation instituted by the trustee to permit disaffirmance of New York Central operating rights in and close to the debtor's Edgewater, N. J. terminal. Following decisions by the district court and the circuit court of appeals, the issue is now before us on a petition filed by the trustee for our approval of such abandonment, and for a finding that it would not be inconsistent with the reorganization requirements of the debtor. A hearing has been held on the petition, an examiner's proposed report issued and argument heard on exceptions to the examiner's report. No final report has been issued.

No plan has been filed with us as yet in the proceedings for reorganization of the New Jersey and New York Railroad Co., or the New York, Ontario and Western Railway Co.

We have disposed of a large number of petitions and motions pertaining to features of reorganization, other than the formulation of plans. These have included authorizations and modifications of previous authorizations of protective committees, ratification of the appointment of a trustee, the fixing of maximum limits of compensation for trustees, trustees' counsel, reorganization managers and their counsel, and other parties, and of reimbursement of expenses incurred in the various proceedings, and the acquisition of property and the issue of securities required to consummate plans of reorganization. Public hearings not relating to the formulation of plans have been held on 12 occasions in 11 different proceedings. We have issued 17 reports and orders in collateral matters, and the proceedings have required us to enter approximately 35 orders or certificates of general administrative character.

Since the passage of section 77 of the Bankruptcy Act, 56 proceedings have been instituted for reorganization under the section. Of these proceedings, reorganization has been completed in 27 cases and the proceedings have been discontinued in 14 cases.

Under the provisions of section 3 of Public Law 478 (80th Congress) approved April 9, 1948, it is our duty with respect to any plan of reorganization approved by us under section 77, which on the date of enactment of the law is before any district court for approval or confirmation, upon the petition of any party to report to the court any changes or developments which have occurred since December 31, 1939, which were not provided for in the plan and which, in our opinion, make it necessary or expedient for us to reexamine, reconsider, and revise such plan in order that it may be fair and equitable. Upon filing of such a report the court is required to return the plan to

us. A further hearing is required on a plan so returned, and the law specifies numerous factors which we must consider in reviewing the plan.

Similarly provision is made in the same law whereby parties may obtain the return to us of plans which we approved subsequent to the date of enactment of the law, upon petition filed more than 18 months after our certification of the plan to the court or after an order disposing of a like petition, but before confirmation of the plan in order that we may consider the effect of changes in conditions occurring since our approval of the plans. Similarly the court may return to us, plans which we approved after the date of enactment of the law upon the petition of any party filed at any time prior to confirmation, without calling for a report from us.

No plans have been returned to us under these provisions.

VOLUNTARY REORGANIZATIONS

In recent reports we have discussed the need for a procedure for railroad reorganization which would afford to managements which foresaw the approach of financial difficulties, an opportunity for free negotiation between the companies and their security holders with a view to avoiding insolvency. We stated our belief that such procedure might be prescribed by an amendment to the Interstate Commerce Act and described certain pending legislation which was intended to accomplish this purpose.

During the past year, the Congress adopted and the President approved, on April 9, Public Law 478 (80th Congress), section 2 of which constituted an amendment of the Interstate Commerce Act, designated as section 20b, providing procedure for voluntary modification of railroad securities and the instruments under which they are issued, generally conforming to our previous recommendations.

Public Law 478 declares that the law is adopted in aid of the national transportation policy of the Congress to assure, insofar as possible, continuity of sound financial condition of common carriers subject to part I of the Interstate Commerce Act, to enhance the marketability of railroad securities impaired by large and continuing accumulations of interest on income bonds and dividends on preferred stock, and to enable such common carriers, insofar as possible to avoid prospective financial difficulties, inability to meet debts as they mature, and insolvency. To aid in accomplishing these ends, the new section 20b provides that it shall be lawful for a carrier as defined in section 20a(1) of part I of the act, with our approval and authorization, to alter or modify any provision of any class or classes of its securities or of any mortgage, indenture, deed of trust, corporate

charter, or other instrument pursuant to which any class of its securities shall have been issued, or by which any class of its obligations is secured. Alteration of equipment obligations is not permitted.

Proceedings under the new law are instituted as provided in paragraph (1) through the filing of an application with us by the carrier whose securities are proposed to be modified. We are required by paragraph (2) to hold a hearing on the application, and we may issue rules and regulations governing such applications. By our order of May 25, 1948, we issued such regulations.

If, after the hearing, in addition to making (in any case where the alteration involves an issue of securities) the findings required by paragraph (2) of section 20a, not inconsistent with paragraph (1) of section 20b, we find, subject to such terms and conditions and with such amendments as we determine to be just and reasonable, the proposals are within the scope of paragraph (1), will be in the public interest, will be in the best interests of the carrier, of each class of its stockholders, and of the holders of each class of the obligations affected thereby, and will not be adverse to the interests of any creditor not affected thereby, we may cause the carriers to submit the proposed alterations to the holders of the affected classes of securities for acceptance or rejection. The letters, circulars, and all financial and statistical statements used in soliciting the assents must be submitted to us for our approval before they are used.

We are required, if we find that the alterations have been assented to by the holders of at least 75 percent of the total principal amount or number of shares outstanding of each of the affected classes of securities, to issue an order authorizing and approving the alterations upon the terms and conditions, and with such amendments as we may have determined to be just and reasonable. The alterations so approved will become binding upon the date fixed by us, upon each holder of any security of the carriers of each class affected and upon the trustee or any other party to any instrument under which any such class of obligations shall have been issued or by which it is secured. We may require the assents of a greater percentage of holders of a class of security of which 75 percent is held by less than 25 holders.

Paragraph (3) of the act provides, among other things, that in determining whether the requisite percentage of the holders of each class of securities affected by the plan has assented, any security which secures any evidence of indebtedness of the applicant or of any company controlling or controlled by the applicant shall be deemed to be outstanding unless we conclude that the proposals do not materially affect the interests of the holder of such security. Where such security is deemed to be outstanding, and it is pledged as security under a

mortgage or other instrument pursuant to which evidences of indebtedness are outstanding, assent to the proposal may be given only by the holders of a majority in principal amount of such evidences of indebtedness. If it secures an evidence of indebtedness not issued under a mortgage or other instrument, assents shall be by a majority of the holders of such evidence of indebtedness. Under this section a security or evidence of indebtedness shall not be deemed to be outstanding if we determine the assent of the holder to be within the control of the carrier or any person controlling the carrier.

Under further provisions of the law, alterations authorized by us under its provisions may be made without securing our approval under any other section of the Interstate Commerce Act and without securing approval of any State authority. Our authority, under this section, is not required for an alteration which a carrier may lawfully make in any other manner. It is provided that the negotiability of any security of any carrier or of the obligations of any carrier which has assumed liability in respect thereto shall not be affected in any way.

The provisions of paragraph (6) of section 20a of the Interstate Commerce Act requiring notice to the Governors of the States in which the carrier operates, and according the State public service commissions and other appropriate State authorities the right to make representations in the proceedings, are made applicable to proceedings under the new law.

Paragraph (13) of the law provides that we may approve an application by carriers which were in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act on the date of enactment of the law, provided permission for the filing of such application is granted by the district judge before whom the proceedings are pending. We can approve such an application by a carrier in equity receivership only if on the date of enactment of the law, no order confirming the sale of the carrier's property has been entered, or by a carrier reorganizing under section 77 of the Bankruptcy Act, only if on such date a plan has not been finally confirmed.

In presenting the petition to the district court for permission to institute proceedings before us under the new law, the carriers are required to present to the court, among other things, assurances satisfactory to the court of the acceptance of the plan from holders of at least 25 percent of the totals of all securities including not less than 25 percent of the total of all claims affected by the plan. Upon granting the requested permission, the section 77 proceedings shall be suspended until we notify the court of the approval of the proposals or of their withdrawal, or that a period of 12 months has elapsed since the filing of such application with us without our approval.

of any plan of alteration. In the event of approval of the plan the court will take appropriate steps to dismiss the proceedings pending before it. If the proposals are withdrawn or the period of 12 months elapses without their approval, the equity receivership or reorganization proceedings under section 77 will be resumed.

Since the enactment of this legislation there have been filed with us applications by 8 carriers for our approval of proposals to alter the provisions of outstanding securities. The carriers so filing were Tennessee Railroad Co., Atlantic & Danville Railway Co., Macon, Dublin & Savannah Railroad Co., Lehigh Valley Railroad Co., Boston & Maine Railroad, Lackawanna & Wyoming Valley Railroad Co., Maine Central Railroad Co., and Central Railroad Company of New Jersey. The last-mentioned applicant has been in process of reorganization under section 77 of the Bankruptcy Act, and its filing thus comes within the provisions of paragraph (13) of section 20b.

Hearings have been held by our examiners on 6 of the applications, and proposed reports issued by the examiners in 2 of the proceedings. The application of the Tennessee Railroad Company was withdrawn following the hearing, as it appeared that the plan could be consummated without recourse to the act.

As none of the plans has been submitted to the security holders for final acceptance or rejection, it is not yet possible to predict whether assents to the plans proposed under this law will be sufficiently extensive to permit successful administration of its provisions. Correspondence received from affected security holders indicates an extensive background of opposition in several of the cases. Opposition has been voiced at most of the hearings held up to the present time.

INCREASED FREIGHT RATES, 1947

The railroads initially sought (July 3 and 23, 1947), a general basis of increases upon existing freight rates of 25 percent within eastern territory and interterritorially between eastern and other territories; and 15 percent within and between southern and western territories, as defined in their petition, such general increases being subject to numerous stated exceptions and limitations upon the maximum amount of the increases on various commodities. By amendment September 5, 1947, petitioners enlarged their request so as to seek authority to make increases of 38 and 28 percent, respectively, similarly distributed among the territories. Their petition and amendments thereto were based upon increased operating expenses resulting chiefly from increased wages of employees and increased costs of railway materials and supplies. The water carriers and freight forwarders asked for similar relief.

Our last annual report contained an account of the institution of this investigation and of our first interim report in this proceeding, Ex Parte No. 166, of October 6, 1947, 269 I. C. C. 33, in which we authorized a temporary interim increase of 10 percent on all basic freight rates and charges of petitioning railroads, water carriers, and freight forwarders, including rates and charges for the transportation of milk and cream in passenger service, with the following exceptions. No increase was authorized in the charges for protective service; the line-haul rates on iron ore were authorized to be increased 10 cents per ton, net or gross as rated, except that no increase was authorized in the line-haul rates to, or handling charges at, the upper lake ports; line-haul rates on coal and coke, including lignite, were authorized to be increased 10 cents per net ton or 11 cents per gross ton. The increased rates published responsive to this decision became effective October 13, 1947.

Further hearings were held beginning November 3, 1947, and continued until December 1, 1947, at various points throughout the country. Further hearings were resumed in Washington December 8-13, 1947, and were followed by oral argument December 15-20, 1947.

On December 3, 1947, the railroads further amended their petition so as to request authority to increase their freight rates and charges by substituting a new schedule of proposals, which, in general, added 3 percent to the increases previously requested in their petition as amended September 5, 1947, making the general increases 41 and 31 percent instead of 38 and 28 percent, respectively, and similarly the exceptions and maximum limitations were increased.

On December 29, 1947, we issued our report on further hearing, 270 I. C. C. 81, authorizing a temporary increase of 20 percent (with certain exceptions) on all basic freight rates and charges, including rates for the transportation of milk and cream in passenger service, until June 30, 1948, unless sooner modified or terminated, to be substituted for the 10-percent and other interim increases authorized in our first report of October 6, 1947.

No increase was authorized in the charges for protective service. Basic line-haul rates on iron ore, aluminum ore and concentrates, copper ore and concentrates, lead ore and concentrates, and zinc ore and concentrates were authorized to be increased 20 cents per ton, net or gross as rated, except that no increases were authorized in the line-haul rates on iron ore to, or handling charges on iron ore at, the upper lake ports. Basic line-haul rates on coal and coke, including lignite, were authorized to be increased 20 cents per net ton or 22 cents per gross ton. The increased rates published responsive to this decision became effective January 5, 1948.

On April 13, 1948, we issued our supplemental report on further hearing, 270 I. C. C. 93, authorizing various temporary increases in basic freight rates and charges to be substituted for the temporary increases authorized in our report of December 29, 1947, 270 I. C. C. 81. The increased rates published responsive to this decision became effective May 6, 1948.

In general, the increases authorized in our report of April 13, 1948, were as follows: 30 percent within eastern territory and 25 percent between eastern territory and other territories; 25 percent within southern territory and within zone I of western trunk-line territory and between those territories and other territories; and 20 percent within western territory (except zone I of western trunk-line territory); all subject to stated limitations as maxima. Additional increases were authorized on coal, coke, and iron ore. Rates and charges for protective service were authorized to be increased 10 percent.

On July 27, 1948, upon further consideration, we issued our final report and order, as modified by amendatory order August 5, 1948, and by second amendatory order of August 13, 1948, 270 I. C. C. 403. In this report we modified in certain respects the increases in basic freight rates and charges of petitioning railroads, water carriers, and freight forwarders which had been authorized in our report of April 13, 1948. The modifications included both increases and decreases and superseded the increases authorized in our report of April 13, 1948. The increased rates published responsive to this decision became effective August 21, 1948.

In general, the percentage increases remained the same as those authorized in our report of April 13, 1948, except that between western territory, other than zone I of western trunk-line territory, and zone I of western trunk-line territory, the increase authorized was 22½ percent instead of 25 percent. Additional increases were authorized on coal and coke. Rates and charges for protective service were authorized to be increased 15 percent instead of 10 percent. The maximum limitations upon the percentage increase were reduced on many commodities, and on other commodities the maximum limitation was increased.

Based upon the traffic of a normal constructive year the total increase in freight revenue over the amount yielded by the rates in effect at the date of the authorization of the first interim increase, October 6, 1947, for class I railroads is at the annual rate of \$1,535 millions, representing an increase of 22.6 percent. As the increases authorized in Ex Parte No. 166, *Increased Freight Rates, 1947*, were superimposed upon the increases authorized in Ex Parte No. 162, *Increased Railway Rates, Fares, and Charges, 1946*, the total increases in net freight revenues of the class I railroads since June 30, 1946,

authorized in Ex Parte Nos. 162 and 166, are estimated by members of our staff to be at the rate of \$2,550 millions annually, or approximately 44 percent. Increases in other operating revenues from increases in passenger fares, increases in compensation for carrying the mail and transporting express are dealt with elsewhere in this report.

The above computations and those below are based upon the general level of fuel, railway material, and supply prices as of November 1, 1947. They are also based on the railway wage level as of the date of the decision July 27, 1948. They take into account the estimated saving in pay-roll taxes under the provisions made by the Act of June 23, 1948, reducing the contribution by the railroads, and likewise increasing (but to a lesser amount) their Federal corporate income taxes. They also assume that generally similar increases will be permitted by State authorities on intrastate traffic.

The amount of the increase, over-all, applied to the basic rates used in Ex Parte No. 162, *Increased Railway Rates, Fares, and Charges, 1946*, may be judged from a comparison of the freight revenue per ton per mile, as of the date thereof, June 30, 1946, with the revenue from those rates as increased August 21, 1948, under our final report of July 27, 1948, in this proceeding, for class I railroads.

Freight revenue per ton per mile, class I railroads

| | | |
|--|-----------|--------|
| As of June 30, 1946..... | cent.. | 0. 896 |
| As of August 21, 1948..... | cents.. | 1. 292 |
| Increase, June 30, 1946, to August 21, 1948..... | percent.. | 44. 2 |

The present average freight revenue per ton-mile, approximately 1.292 cents, is the highest shown for class I railroads since the creation of this Commission in 1887, and is apparently higher than at any time since 1873. It was approached only in the year 1921, when the average receipts per ton per mile amounted to 1.275 cents. The economic effect of such a drastic increase in freight rates will be far reaching.

The average straight time hourly wage rate of railroad employees as of November 1, 1947, was 70.7 percent higher than in the year 1939. The average hourly wage rate as of November 1, 1947, includes the effect of the 15.5 cent per hour increase awarded to nonoperating employees and trainmen from November 1, 1947. It does not include any increase resulting from changes in rules agreed upon with conductors and trainmen which became effective January 1, 1948. It does not include the 15.5 cents per hour wage increase which was later awarded to engineers, firemen, and hostlers.

By November 1, 1947—the latest date available, near the close of the hearings in this proceeding—the average index prices for materials and supplies other than coal and oil had increased 55.7 percent over

the pre-Pearl Harbor month; coal and oil had increased 96.3 percent; and all materials and supplies, 68.3 percent during the period.

Water carriers were authorized to make the same increases in their rates and charges as the railroads, and freight forwarders were authorized to increase their rates and charges simultaneously and ratably, or in direct proportion to analogous or corresponding increases made in the freight rates and charges of the common carriers whose facilities and transportation service are used.

INCREASED FREIGHT RATES, 1948

All class I railroads and many railroads of other classifications filed a petition October 1, 1948, requesting us to institute an investigation into the level of railway freight rates and charges, and to authorize petitioners to increase their freight rates and charges 8 percent (with certain exceptions), and to permit them to make such increased rates and charges effective at the earliest possible date upon less than statutory notice.

Upon consideration of the petition we, on October 4, 1948, instituted an investigation docketed as Ex Parte No. 168, *Increased Freight Rates, 1948*, into and concerning the reasonableness and lawfulness of further increases in freight rates and charges of petitioning carriers and intervening petitioners, and the investigation and petition were assigned for hearing in Washington, D. C., November 30, 1948.

On October 12, 1948, the petitioning railroads filed a petition to supplement and amend their original petition by requesting authority to make a general increase in their freight rates and charges of 13 percent (with certain exceptions) in lieu of the general increase of 8 percent (with certain exceptions) sought in their original petition, the higher percentage increase being based upon a new wage increase.

At the time the original petition was filed there were pending demands of operating employees and nonoperating employees for increased wages. On October 4, 1948, under procedures provided in the Railway Labor Act, an agreement was concluded in national conferences under which the wages of employees represented by the Order of Railway Conductors and the Brotherhood of Railroad Trainmen (approximately 175,000 in number), will be increased 10 cents per hour, effective October 16, 1948. It is recognized by the petitioners that this rate of wage increase sets the pattern for all other classes of railroad employees.

On October 12, 1948, the petitioning railroads also filed a motion for an interim increase in their freight rates and charges of 8 percent (with certain exceptions), such increased rates and charges to become effective on 1 day's notice and to remain in effect until such rates and

charges as may be authorized by the Commission in Ex Parte No. 168 may become effective. Petitioners also state in their motion that if the Commission concludes that a hearing or oral argument should be held as a condition to the granting of the interim relief sought then they urge that such hearing or oral argument be set at such time during the month of October 1948, as may be found most feasible.

INCREASED EXPRESS RATES AND CHARGES, 1946

The increased scales of first- and second-class rates authorized for temporary application in our report and order of September 23, 1947, 269 I. C. C. 161, became effective October 25, 1947.

In a second supplemental petition, dated November 25, 1947, filed by the Railway Express Agency, Incorporated, it is stated that since the close of the hearings covered by the report and order of September 23, 1947, the wages of express employees have been further increased by awards made by arbitration and emergency boards under the Railway Labor Act, and that these increases together with equalizing increases to certain other employees, and increases in the retirement benefit and unemployment taxes would increase its costs on an annual basis by \$31,400,000 over those considered in that report.

To offset these additional costs, it proposed a further increase of 10 percent in the following rates and charges: (a) First-class rates and charges found reasonable in the report of September 23, 1947; second-class rates and charges to be made 75 percent of the first-class rates; (b) third-class rates; (c) commodity rates and charges, carloads and less than carloads; (d) rates and charges stated in money classification; (e) refrigeration charges; (f) c. o. d. service charges; and (g) all specific minimum charges.

On December 16, 1947, we authorized petitioners to publish and file with us on statutory notice, by short-form of publication, subject to protest and possible suspension, the proposed increase in the first- and second-class rates and charges, and assigned for further investigation and hearing the proposed increase in items other than first and second class. The increased first- and second-class rates and charges became effective on January 22, 1948.

On February 20, 1948, we vacated that portion of our order of December 16, 1947, instituting an investigation with respect to rates and charges other than first and second class, upon request of petitioner, stating that the authorized increased first- and second-class rates and charges would yield approximately 86 percent of the additional revenue sought in the second supplemental petition, and that the rates on the remaining miscellaneous items are in no manner related to the class rates and charges, and could be better and more

expeditiously handled by filing tariffs in the manner provided by section 6 of the Interstate Commerce Act, subject to protest and possible suspension.

On June 25, 1948, petitioner filed with us the results of its future studies of the effect upon its traffic and revenues of the rates authorized for temporary application, as required by the report of September 23, 1947. And on September 3, 1948, it also filed a proposed single scale of first-class rates with its estimate of the results of its application.

A further hearing was held September 20-21, 1948.

RAILROAD PASSENGER FARES

In our last annual report, we pointed out that in the period covered thereby the railroads in the eastern district and certain railroads in the southern region had been authorized to increase their basic or standard fares generally from 2.2 to 2.5 cents per mile in coaches and from 3.3 to 3.5 cents per mile in parlor and sleeping cars. On December 4, 1947, and February 10, 1948, by reports in No. 29862, 269 I. C. C. 281 and No. 29897, 269 I. C. C. 632, the railroads in the western district and the other railroads of the southern region were authorized to make like increases in their fares. On the former date, in our report in No. 29827, 269 I. C. C. 291, The New York, New Haven & Hartford Railroad Co., was authorized to make a further increase in its coach fares of from 2.5 to 2.875 cents per mile. On July 7, 1948, by our report in No. 29949, 272 I. C. C. 17, the railroads in the eastern district were authorized to make further increases in their basic or standard fares to 3 cents per mile in coaches and 4 cents per mile in parlor and sleeping cars. All of these authorizations were made after hearing, generally in cooperation with a committee of State commissioners.

In September 1947, in the report in No. 29711, 269 I. C. C. 87, we had authorized the railroads in the eastern district to increase their commutation fares to and from New York, N. Y., and other large cities by an average of about 20 percent, aggregating about \$9,000,000 per annum. On May 5, 1948, by report of division 3 in I. & S. Docket No. 5516, we authorized increases in commutation fares in the New Orleans, La., area, but on somewhat lower bases than sought by the carrier. We have now pending a proceeding, I. & S. Docket No. 5585, involving a proposal of the Central Railroad Co. of New Jersey to make further increases in its commutation fares in the New York area, aggregating about \$1,000,000 annually for that carrier alone.

We also have pending two so-called section 13 proceedings, involving intrastate fares of certain railroads in the States of Alabama, Docket No. 30015, and New York, Docket No. 30010, discussed elsewhere in this report.

RESERVED RAILROAD AND PULLMAN PASSENGER ACCOMMODATIONS

Last winter many complaints were received, primarily from certain hotel interests in Florida, to the effect that there exists a so-called "black market" in the reservation and sale of railroad and pullman passenger accommodations. The complaints alleged that it was difficult, if not impossible, for the general public to purchase reservations on the better trains operating throughout the country, and particularly on those operating to and from Florida during the winter season, without paying some railroad employee, hotel porter, or travel agency a premium in addition to the carriers' published fares. A preliminary investigation was conducted by representatives of the Bureau of Inquiry at several points, including Chicago, Ill., New York, N. Y., Miami, Fla., and Los Angeles, Calif. By order dated July 6, 1948, in No. 30031, Sleeping, Parlor Car, and Reserved Coach Tickets, we instituted, on our own motion, an inquiry into the reasonableness and lawfulness otherwise of the rules, regulations, and practices governing the reservation, sale, and redemption of sleeping, parlor car, and reserved coach tickets as maintained or practiced by the class I railroads and as maintained or published in The Pullman Company's Redemption Tariff.

Hearings on this matter have been set at the four named points during the coming winter months, at which all complainants will be given an opportunity to be heard.

BUS FARES AND CHARGES

No general changes in bus fares and charges have been made during the past year.

In No. MC-C-550, Investigation of Bus Fares, referred to in our last annual report, additional regional hearings have been held at Dallas, Tex., Kansas City, Mo., and Pittsburgh, Pa., and a concluding hearing in Washington, D. C., on intercity fares and charges is now assigned.

Members of the cooperating committee of State commissioners have attended all but one of the hearings.

RAILWAY MAIL PAY

In our last annual report we stated that upon petition of the railroads we instituted an investigation into the reasonableness of the rates and compensation paid them for transporting the mail, and for services connected therewith. The original petition was filed February 19, 1947, by 204 mail-carrying railroads, including all class 1 carriers and a number of short lines. A supplemental petition was filed on April 17, 1947, by 12 other railroads. On various dates since then we received petitions from 18 more lines and included them in

this investigation. On December 4, 1947, we issued a report and order, *Railway Mail Pay*, 269 I. C. C. 357, granting an increase of 25 percent in such rates and compensation, effective February 1, 1948, subject to readjustments after further hearings and completion of the proceeding. The increase in compensation from the higher rates is retroactive and applies to services performed on and after the dates the railroads filed their applications. In June 1948, the carriers filed an amended application asking for an increase of 65 percent instead of the 45 percent originally requested.

After numerous conferences, in which representatives of our cost section participated, the parties have agreed upon methods and procedures for extensive studies of mail transportation and handling by the railroads to obtain detailed information and data as to operating methods, space utilized, and costs. These will include a comprehensive test of operation of all passenger, express, and mail trains over a period of 2 weeks to determine the amount of space used and the amount unoccupied, all terminal and station operations, and switching performance in passenger and allied services. When the parties have completed these tests and studies and have examined the data, the results will be presented to us at hearings to be held as soon as the parties are ready.

AGREEMENTS BETWEEN OR AMONG CARRIERS

Section 5a of the act, enacted June 17, 1948, commonly known as the Reed-Bulwinkle act, authorizes carriers as defined therein to apply to us for approval of any agreements between or among two or more such carriers relating to rate and other matters coming within the language of that section, upon such terms and conditions as we may prescribe.

This section establishes standards and requirements to be observed in passing upon agreements and provides that applications shall conform to the rules and regulations which we may prescribe. The parties to any agreement approved by us and any other persons are relieved from the operation of the antitrust laws with respect to the making of the agreement and with respect to the carrying out of the agreement in conformity with its provisions and the prescribed terms and conditions.

We have prescribed rules and regulations governing the form, contents, and filing of applications under this section, which are designed to develop information adequate to enable us to pass upon agreements in conformity with the standards and requirements of the section and to prescribe such terms and conditions of approval as may seem appropriate. The rules and regulations provide for public notice of the filing of each application, which shall indicate how a hearing upon the application may be obtained.

Matters arising under section 5a have been assigned to division 2 of the Commission, and the administrative work on such matters is assigned to the Bureau of Water Carriers and Freight Forwarders.

RAILROAD CREDIT CORPORATION

The Railroad Credit Corporation was incorporated in the State of Delaware on December 14, 1931. It was organized by the rail carriers pursuant to our findings and decision in *Fifteen Per Cent Case, 1931*, 178 I. C. C. 539, 179 I. C. C. 215, and 191 I. C. C. 361, to administer the proceeds derived from rate increases authorized on certain commodities in that decision. Such proceeds were transmitted to the corporation by the participating carriers and the fund so obtained was used to make loans to carriers for the purpose of avoiding defaults in their fixed interest charges. In our report for the year 1935 we pointed out that the corporation had entered on the concluding phase of its existence involving repayment to the participating carriers of the funds advanced by them as these funds were returned to the corporation through the repayment of loans.

The liquidation of the affairs of the corporation was completed with the payment of the final distribution on April 30, 1948. The total of distributions made by the corporation amounted to approximately 100.21 percent of the total net contributions by participating carriers. As of the date of the last payment all of the corporation's books of account, records, and files were turned over to The Association of American Railroads.

A summary of the results of the operations of the corporation for the 17½ years from December 14, 1931, to April 30, 1948, inclusive, is shown below:

| | | |
|---|--------------------|------------------|
| 1. Emergency revenues contributed..... | \$75, 393, 612. 43 | |
| Less: Refunds for taxes paid thereon..... | \$1, 932, 257. 01 | |
| Participating carriers' fund shares assigned to R. C. C..... | 131, 897. 12 | 2, 064, 154. 13 |
| 2. Net contributions to Fund..... | | 73, 329, 458. 30 |
| 3. Earnings..... | \$6, 670, 094. 28 | |
| Less: Losses on loans..... | \$5, 114, 331. 94 | |
| Expense of administration (average \$80,373.63 per year)..... | 1, 406, 538. 42 | 6, 520, 870. 36 |
| 4. Net income..... | | 149, 223. 92 |
| 5. Total obligation and amount distributed to participating carriers (item 2 plus item 4)..... | | 73, 478, 682. 22 |
| 6. Amount distributed in excess of amount contributed (item 5 minus item 2)..... | | 149, 223. 92 |

INVESTIGATIONS

Reports have been published in the following investigations of general interest instituted on our own motion:

Ex Parte No. 137, *Contracts for Protective Services*, eleventh supplemental report decided January 29, 1948; twelfth supplemental report decided August 23, 1948, 272 I. C. C. 243.

Ex Parte No. 148, *Increased Railway Rates, Fares, and Charges, 1942*; and Ex. Parte No. 162, *Increased Railway Rates, Fares, and Charges, 1946*, 268 I. C. C. 577; 269 I. C. C. 418.

Ex Parte No. 160, *Pacific Coast Wholesalers' Association, Investigation of Status*, 269 I. C. C. 504.

Ex Parte No. 166, *Increased Freight Rates, 1947*, 270 I. C. C. 81; 270 I. C. C. 93; 270 I. C. C. 403.

No. 9200, *Railway Mail Pay*, 269 I. C. C. 357.

No. 10122, *Standard Time Zone Investigation*, decided March 31, 1948, 270 I. C. C. 15.

No. 26570, *Reduced Pipe Line Rates and Gathering Charges*, decided September 24, 1948, 272 I. C. C. 375.

No. 26712, *Rail and Barge Joint Rates*, decided July 7, 1948, 270 I. C. C. 591.

No. 29493, *Freight Forwarders, Motor Common Carriers, Agreements*, decided September 24, 1948, 272 I. C. C. 413.

No. 29590, *Redemption of Sleeping and Parlor Car Tickets*, 269 I. C. C. 265.

No. 29645, *Transcontinental Rates, Estimated Weights, Vegetables*, decided July 6, 1948, 270 I. C. C. 665.

No. 29762, *Allowances for Pick Up and Delivery at Kansas City*, decided September 24, 1948, 272 I. C. C. 331.

No. 29763, *Allowances for Pick Up and Delivery at Twin Cities*, decided September 24, 1948 (mimeographed).

No. 29764, *Allowances for Pick Up and Delivery at Seattle*, decided September 24, 1948 (mimeographed).

No. 29765, *Allowances for Pick Up and Delivery at Portland*, decided September 24, 1948 (mimeographed).

No. 29770, *Increased Less Than Carload Rates, Official Territory*, decided October 11, 1948, 272 I. C. C. —.

No. 29785, *Increased Passenger Fares, Southern Railroads*, 269 I. C. C. 240.

No. 29796, *Increased Coach Fares, Southern Railroads*, 269 I. C. C. 240.

No. 29827, *Increased Coach Fares, New Haven Railroad*, 269 I. C. C. 291.

No. 29862, *Increased Passenger Fares, Western Railroads*, 269 I. C. C. 281.

No. 29894, *Increased Coach Fares, Southern Railroads (II)*, 269 I. C. C. 632.

No. 29897, *Increased Coach Fares, on Western Railroads*, 269 I. C. C. 632.

No. 29949, *Increased Fares, Eastern Railroads, 1948*, decided July 7, 1948, 272 I. C. C. 17.

Ex Parte No. MC-4, *Qualifications of Employees and Safety of Operation*, 48 M. C. C. 477, report on further hearing adopted July 7, 1948.

Ex Parte No. MC-22, *New England Motor Carrier Rates*, 47 M. C. C. 657; report on further hearing adopted January 15, 1948.

Ex Parte No. MC-24, *California Motor Carrier Rates*, 48 M. C. C. 593; report on further hearing adopted August 18, 1948.

Ex Parte No. MC-37, *Commercial Zones and Terminal Areas*, 48 M. C. C. 95, 48 M. C. C. 441, and 48 M. C. C. 418, first, second, and third supplemental reports adopted March 23, 1948, July 19, 1948, and July 20, 1948.

In No. 29599, New Orleans Public Belt Railroad Switching, No. 28216, Pick Up of Livestock in Illinois, Iowa, and Wisconsin, and No. 29766, Switching Allowances to La. Central Lumber Co., the investigations were discontinued.

Other investigations are pending, some of the more important of which are the following:

- Ex Parte No. 128, Investigation of South Buffalo Railway Co.
- Ex Parte No. 163, Increased Express Rates and Charges, 1946.
- Ex Parte No. 165, Problems in The Regulation of Domestic Transportation.
- Ex Parte No. 168, Increased Freight Rates, 1948.
- No. 20769, Charges for Protective Service to Perishable Freight.
- No. 28863, Rates on Wool and Mohair.
- Ex Parte No. 104, Terminal Service, Practices of Carriers Affecting Operating Revenues or Expenses, Part II.
- No. 29468, Refrigerator Cars, Basis of Car Hire.
- No. 29555, Pick Up and Delivery Services by Railroads.
- No. 29556, Charges on Small Shipments by Railroads.
- No. 29663, Transcontinental Rail Rates.
- No. 29664, Intercoastal Water Rates.
- No. 29708, All-Rail, Water-Rail, and Rail-Water Rates Between Pacific Coast Ports and Interior Ports.
- No. 29721, All-Rail Commodity Rates Between California, Oregon, and Washington.
- No. 29722, Pacific Coastwise Water Rates.
- No. 29677, Minimum Rates on Rail Traffic between North and South.
- No. 29679, Express Earnings, Plan and Method of Division.
- No. 29885, In the Matter of Divisions of Joint Rates between Official and Southern Territories.
- No. 29886, In the Matter of Divisions of Joint Rates Between Official and Southwestern Territories.
- No. 29901, Status of Allegheny and South Side Railway Co.
- No. 29912, Champlin Refining Company Accounts and Reports.
- No. 29943, Electric Railway Mail Pay, 1948.
- No. 30030, Special Regulations, Eggs.
- No. 30031, Sleeping, Parlor Car and Reserved Coach Tickets.
- No. 30044, Magnesite, General Increases.
- No. 30052, Increased Rates on Coal, Coke, and Iron Ore.
- No. MC-C-150, Motor Freight Classifications.
- No. MC-C-200, Motor Carrier Class Rate Investigation.
- No. MC-C-542, Pick Up and Delivery Services by Motor Carriers.
- No. MC-C-543, Charges on Small Shipments by Motor Carriers.
- No. MC-C-550, Investigation of Bus Fares.
- Ex Parte No. MC-39, Practices of Property Brokers.
- Ex Parte No. MC-C-42, Handling of C. O. D. Shipments.
- Ex Parte No. MC-43, Lease and Interchange of Vehicles of Motor Carriers.

INTRASTATE RATE CASES

Reports have been published in the following investigations instituted under section 13 (3) of the act:

No. 29729, *Increases in Arizona Freight Rates and Charges*, 270 I. C. C. 105.

No. 29800, *Increases in Tennessee Freight Rates and Charges*; (decided October 11, 1948), 272 I. C. C. ———

In No. 29723, New Jersey Intrastate Commutation Fares, the investigation was discontinued.

The following proceedings instituted by us under section 13 (3) of the act are pending:

No. 29791, Intrastate Coal Rates to Alton and East St. Louis.

No. 29845, Increase in Alabama Freight Rates and Charges.

No. 29846, Texas Rates on Wheat and Articles Taking Wheat Rates.

No. 30010, New York State Commutation Fares, New Haven Railroad.

No. 30015, Alabama Intrastate Fares.

No. 30024, Texas Intrastate Rates.

No. 30035, Kansas Intrastate Rates.

CLASS RATE AND CLASSIFICATION INVESTIGATIONS

The course of these investigations since their inception has been described in previous annual reports. The basic work of revising and unifying the existing ratings in the several classifications for the purpose of establishing, for the first time, a uniform national freight classification, was completed in tentative form in October 1948, by the railroad committee set up for that purpose. That committee has held hearings at various points on their preliminary recommendations with respect to some of these ratings for the purpose of receiving the views of shippers and other interested parties in regard thereto. Similar hearings concerning the remaining ratings will be held.

After completion of the carrier hearings and the consideration by the classification committee of the views, objections, and suggestions there expressed, the committee will submit a uniform classification to us for our consideration. The completion of this classification is an essential prerequisite to the putting into effect of the uniform system of class rates contemplated by our decision in *Class Rate Investigation*, 268 I. C. C. 577.

Under this heading in our last annual report, we referred to two complaints then pending which sought an extension of this class-rate investigation to include mountain-Pacific territory, namely, No. 29819, filed by the State of Washington, and No. 29820, filed by the Pacific Traffic Bureau, an organization of shippers. The complaint

in the former proceeding has been dismissed at the request of the complainant, and the complaint by the Pacific Traffic Bureau was withdrawn by that complainant prior to service upon the railroads named as defendants.

SMALL SHIPMENTS

Reference was made in our Sixty-first Annual Report, pages 43-44, to evidence received on motor-carrier costs, traffic, and revenue in proceedings No. 29556, Charges on Small Shipments by Railroads, and No. MC-C-543, Charges on Small Shipments by Motor Carriers. At a hearing in June 1948 additional evidence bearing on motor-carrier costs in middle Atlantic territory was presented by a member of our staff. Another member of our staff introduced extensive cost, traffic, and revenue analyses pertaining to the transportation of small shipments by rail in official, southern, and western territories. Traffic and economic data relating to all forms of transportation here and abroad were introduced by other members of our staff. The railroad and motor-carrier respondents, as well as interested shippers, are expected to offer evidence at another hearing to be held in the near future.

LESS-THAN-CARLOAD RATE PROPOSAL

In our last annual report we described the proposal, docketed as No. 29770, *Increased Less-Carload Rates, Official Territory*, by railroad and water common carriers to increase class rates applicable to less-than-carload and any-quantity freight traffic within official, Illinois, and extended zone C territories and between those territories and eastern Canada. In our report in that proceeding, adopted October 11, 1948, 272 I. C. C. ———, after hearings and oral argument, we found that the proposed increased class rates had not been shown to be just and reasonable or nonprejudicial and nonpreferential, and denied the petition requesting authority to establish the proposed rates. In this report we referred to our admonition to respondents in the first supplemental report in *Class Rate Investigation, 1939*, 264 I. C. C. 41, 66-67, that they give careful consideration, as promptly as possible, to the rates maintained by them on less-than-carload traffic with a view to making suitable readjustments in ratings and rates. We emphasized, however, that there was no intimation in that admonition that the class rates on less-than-carload traffic were to be given a blanket increase such as proposed in No. 29770. We concluded that such a blanket increase in the class rates on all less-than-carload traffic had not been justified on the record made in No. 29770, but stated that the carriers, in their effort to remove the deficit resulting from less-than-carload opera-

tion, should survey their less-than-carload rates and make increases where such rates are low and where the traffic can reasonably bear such an upward adjustment.

PICK-UP AND DELIVERY SERVICE

In our 60th annual report we referred to our orders of June 10, 1946, instituting investigations, in Dockets No. 29555, Pick-Up and Delivery Services by Railroads, and No. MC-C-542, Pick-Up and Delivery Services of Motor Carriers, into the reasonableness and lawfulness otherwise of the rates, charges, rules, regulations, and practices of class I Common carriers by railroad and all common carriers by motor vehicle subject to the Interstate Commerce Act governing or affecting pick-up and delivery services on less-than-carload and less-than-truckload freight, and freight moving at any-quantity rates. In our last annual report we described the progress that had been made in conducting the investigations. We there pointed out that the railroad respondents, and the class I motor-carrier respondents with annual gross revenues in 1946 of \$400,000 or more, had been ordered to compile and furnish to us traffic and cost data outlined in inquiries which accompanied the order.

The railroad respondents furnished us with the data called for in the traffic and cost inquiries. Our staff analyzed and assembled the data, and the results were embodied in exhibits which were received in evidence at a hearing in Washington on June 2, 1948.

The motor-carrier respondents have made considerable progress in the preparation of exhibits embodying data disclosed in the returns to their traffic inquiry for submission at a future hearing. They also are engaged in making studies of their costs of operation in various territories. When these studies have been completed, hearings in the proceedings will be resumed.

MINIMUM CHARGES

In Ex Parte No. MC-22, *Motor Carrier Rates in New England*, 47 M. C. C. 657, 676, 701, we approved as reasonable, among other things, certain minimum charges per shipment by motor common carriers for commodities in all weight density groups for hauls in excess of 10 miles between points in New England and between points in New England on the one hand and points in eastern New York and northeastern New Jersey on the other. The minimum charges found reasonable for application between New York-New Jersey and New England were somewhat higher than those found reasonable for application between southern New England and northern New England for the same distances.

In No. MC-C-529, *Charter Coach Service from Washington Commercial Zone*, 48 M. C. C. 23, 30, decided February 3, 1948, which embraced also Investigation and Suspension Docket No. M-2644, *Charter Coach Fares from Washington Commercial Zone*, we, among other things, expressed the view that the minimum and accessorial charges and other rules and regulations of motor common carriers for chartered party service to and from the Washington, D. C., commercial zone are unduly complicated and might in some instances bring about unreasonably high charges for particular services; but concluded that the record in those proceedings did not afford an adequate basis for the prescription of proper minimum or accessorial charges, rules, or regulations. We stated, however, that in our opinion the respondent motor common carriers should give serious consideration to the revision of these rules, regulations, and charges, looking to their simplification and the elimination of any unreasonable duplication of charges.

In our report on further consideration in Ex Parte No. 166, *Increased Freight Rates, 1947*, 270 I. C. C. 403, 456, decided July 27, 1948, we authorized the same percentage increases in minimum charges per shipment and per car and in other minimum charges as we authorized in that report with respect to basic freight rates and charges.

GOVERNMENT REPARATION CASES

There are pending before us 20 complaints in which rates charged by rail carriers for transportation of freight for the Federal Government during World War II, as well as prior thereto and subsequently, are assailed as unreasonable. In all of these cases reparation is sought on past shipments, and in some of them the prayer includes the establishment of rates for the future.

The Reconstruction Finance Corporation is the complainant in three of these cases, Nos. 29945, 29946, and 29946 (Sub-No. 1), involving rates on tin ore, tin concentrates, and aluminum ingots. The others, filed by the Attorney General in the name of the United States of America, are Nos. 29572, 29622, 29735, 29746, 29761, 29795, 29805, 29822, 29853, 29861, 29875, 29917, 29918, 29920, 29926, 29930, and 30076. The principal commodities covered by these complaints are soldiers' packs, airplane landing mats, airplanes and their parts, ammunition and other explosives, tents, cartridge clips, vehicles, various iron and steel articles, wooden pallets, and blankets. One complaint pertains to policing rules governing export rates, and another grows out of refusal of the railroads to establish storage-in-transit arrangements in connection with export rates on various commodities. The National Industrial Traffic League and a number of

other commercial organizations have been permitted to intervene in opposition to these complaints.

The aggregate amount of money sought by the Government as reparation in these cases is very large, and they present novel questions of law as well as complex issues of fact. It is our purpose to dispose of them as promptly as is practicable in view of their importance and complexity. A group of them were assigned for hearing in December 1947, but successive postponements of the hearing have been granted on the request of the Government.

LAWS RELATING TO RAILROAD LABOR

As shown in our annual reports for previous years, the Railway Labor Act, the Railroad Retirement Act, the Railroad Unemployment Insurance Act, and the Carriers Taxing Act authorize us, under certain conditions, to determine whether any line operated by electric power falls within the terms of the provisions of these statutes, which exempt street, interurban, or suburban electric railways therefrom. During the current year, as the result of a petition filed with us by interested parties, a hearing has been held to determine whether or not the Baltimore and Annapolis Railroad Company comes within the terms of the exemption provisions.

The Railway Labor Act also authorizes us to amend or interpret our orders defining the work of employees and subordinate officials of common carriers by railroad. During the current year no petitions have been filed requiring action by us with respect to this part of the statute.

WATER CARRIER CONDITIONS

On pages 46-47 of our last annual report, we discussed conditions in the domestic water-carrier industry. During the 12 months covered by this report, the regulated water carriers generally have suffered further increases in their operating costs which tend to offset in most instances the additional revenue derived from general increases in rates. There has been some increase in their tonnages, and certain water carriers are in better financial condition, but the net operating results of many of these carriers are still unsatisfactory. In the coastwise and intercoastal trades, the steamship companies which took over the operations discontinued by the Maritime Commission on July 1, 1947, made little progress toward the revival of their prewar operations. Services to and from minor ports have been curtailed and one of the intercoastal common carriers has suspended its services in that trade. One of the major prewar Atlantic coastwise general-cargo carriers recently surrendered its certificate and is in process of liquidation.

Approximately 60 vessels are now being operated on round voyages in common-carrier service in the Atlantic and Gulf-Pacific inter-coastal trades. This is about one-third of the number in such service prior to the war. Three general cargo carriers are operating some 14 vessels in the Atlantic and Gulf coastwise trades, providing regular scheduled service at 4 Atlantic ports and 7 Gulf ports. Because of adverse cargo and other conditions some of these carriers are not serving all of the ports which they are authorized to serve. Prior to the war about 15 lines operated approximately 125 vessels in these trades. One of them, authorized to transport citrus fruits in the Florida-north Atlantic trade, has announced that it will not resume service this season because of financial losses sustained from previous postwar operations. This is the only citrus carrier to attempt to reenter the Florida trade since the war. Four carriers operating 24 ships were engaged in the transportation of citrus from Florida prior to the war. In the Pacific coastwise trade two contract carriers have been operating six or seven vessels in the transportation of lumber, but there has been little Pacific coastwise common-carrier service since the discontinuance of operations by the Maritime Commission. Only two carriers operating three vessels have provided the latter type of service.

There has been practically no resumption of service by the Great Lakes package-freight carriers, and it appears that the situation of such operators is much the same as that of the Atlantic and Pacific coastwise carriers.

The costs of the coastal and Great Lakes carriers are at a level which makes effective competition with other agencies very difficult. Although benefits have accrued to them from general increases in rail rates, these increases have had some adverse effects on the rates available to water carriers. The problems of these carriers can be met effectively only if, in addition, concentrated efforts can be successfully directed to the reduction of costs. The chief remedy in this respect appears to be the development of modern and possibly different types of equipment and terminal facilities, and improved methods, that will enable substantial reductions of costs per ton handled.

In general there has been improvement in the financial results of water-carrier operations on the inland waterways other than the Great Lakes. With exceptions, the barge lines' volume of traffic increased over the previous year, and there has been a better relation between their revenues and costs of operation. Expansion of their fleets has been limited by the short supply of steel, although there have been some acquisitions of new and improved equipment.

Further comment on the problems and condition of water carriers will be found in the chapter entitled "Transportation During the Year."

WATER COMPETITIVE RAIL RATES

In our preceding annual report, pages 47 to 50, we listed the proceedings we had initiated or reopened to determine as quickly as possible any unlawfulness in the railroad rates and practices so far as they are competitive with water rates. We outlined the issues raised in the various proceedings to this end and our findings and orders entered within the scope of our authority to enable the water lines to restore water service adequate to meet the needs of the commerce of the United States and the national defense.

The water carriers are generally free to publish and file (subject to possible protest and suspension) whatever rates they choose to obtain and justify, since their present rates are not held by any of our outstanding orders. But what they can do freely so far as the Interstate Commerce Act bears on their operations, is in practice restricted by the effective rates or combinations of rates of the rail carriers, made or held pursuant to our orders or voluntarily established by the railroads, to the extent water-carrier services are in competition with the rail lines. So far as they participate in the traffic, the water lines seek increases in their own local, proportional, and joint rates with other water carriers, and in joint rates with the railroads.

The effect of railroad rates on the ability of water lines as well as other transportation agencies, to compete with the rail carriers in furnishing adequate and efficient service must be considered in determining lawful rail rates under the amended Interstate Commerce Act, interpreted in the light of the declaration of national transportation policy. But interests of competing carriers are but one of the many factors we must consider under the statute. Since the creation of this Commission, Congress and the courts have recognized the importance of exercising the regulatory function in the interest of the entire Nation and all of its components that may be affected by transportation. As early as 1896, in *Texas & P. R. Co. v. Interstate Commerce Commission*, 162 U. S. 197, the Supreme Court of the United States in discussing certain provisions of the act to regulate commerce, said at page 218:

We cannot concede that the Commission is shut up by the terms of this act to solely regard the complaints of one class of the community.

In the same case, the Court, in enumerating and describing the consideration which should govern the Commission, stated at page 219 that—

all circumstances and conditions which reasonable men would regard as affecting the welfare of the carrying companies, and of the producers, shippers and consumers, should be considered by a tribunal appointed to carry into effect and enforce the provisions of the act.

This broad perspective was again emphasized by the Court, May 31, 1910, in *Interstate Commerce Commission v. Chicago, R. I. & P. Ry. Co.*, 218 U. S. 88, 102-103:

From whatever standpoint the powers of the Interstate Commerce Commission may be viewed, they touch many interests, they may have great consequences. They are expected to be exercised in the coldest neutrality. * * * The outlook of the Commission and its powers must be greater than the interests of the railroads or of that which may affect those interests. It must be as comprehensive as the interest of the whole country.

These guiding principles received additional sanction in the pronouncement by Congress of the national transportation policy, embodied in the 1940 amendment to the Interstate Commerce Act. In *Class Rate Investigation, 1939*, 262 I. C. C. 447, 688, we indicated our interpretation of that policy and our compliance with the congressional mandate when we stated that the record developed in that proceeding was adequate—

to permit us to consider all the essential circumstances and conditions which affect the welfare of carriers, of producers, shippers, and consumers, and of localities, districts, regions, and territories.

Our order in that proceeding was sustained by the Supreme Court in *New York v. United States*, 331 U. S. 284, decided May 12, 1947.

Hence, in determining the issues presented by the water lines in these various proceedings, we have had to weigh their interests along with those of all others, which, experience has shown, do not always coincide but sometimes conflict. Manifestly, a just conclusion in such circumstances may require that some interests yield sufficiently to permit due recognition of the rights of others concerned with the results.

In the long history of transportation in this country, rate structures have been evolved which have been expressive of the economic needs of carriers, producers, traders, and consumers. In view of the dominant role which the railroads have played in the development of the country, these rate structures have been the product primarily of the many forces which have played on rail transportation. They have not been perfect, but they have had a common purpose to accommodate the needs of commerce, which possesses an ever present tendency to grow in volume and in the variety of the commodities which compose it and to expand the radius of its distribution. Shippers have constantly manifested a desire to reach out farther and farther into distant markets. Congress has recognized the importance of this

factor in the rule of rate making, section 15a, as well as in the Hoch-Smith Resolution. In no other country has there been such a degree of freedom of movement of commodities over great distances. Failure to recognize these characteristics in shaping the form, contour, and substance of rate structures would be destructive of the interests of all concerned. We have taken steps from time to time, on complaint and petition and on our own initiative, to bring more order and balance into structures developed over a span of many years, but we have recognized and, so far as possible, have preserved the historic spirit and purpose of rates and rate structures. We have seen how dependent the shippers of many sections in our national economy are on the maintenance of rate structures in whose formulation value-of-service considerations have played so large a part.

Water transportation always has had some influence on rail rate structures. In recent decades, its lower costs have forced many downward adjustments of rail rates, particularly in transcontinental and certain coastwise rates. In other cases, joint rail-water rates of large territorial scope have been evolved. Recent large increases in water-carrier costs, coupled with the difficulties experienced by some branches of the industry in restoring services interrupted by the war, have caused reversal of the competitive positions of water and rail carriers. This reversal is, of course, the basis of the problems we now face in adjusting rail and water rates, with due regard for the rights of both rail and water carriers and for our responsibilities to the public. The questions presented are complex in a high degree.

Rail rates, still the backbone of all transportation rates, are geared into the economic life of every section of the country. None illustrate this point better than the rates on such heavy-moving commodities as lumber, citrus and deciduous fruits, iron, and steel. The widely separated sources of these classes of traffic and the desire of each producing area to share so far as possible in the markets of each section of the country, and the correlative desire of each market area to be able to draw from as many producing areas as possible, create a need for a level of rail rates and an adjustment between them which will move the traffic. Many producers, traders, and consumers are wholly or mainly dependent on rail transportation. Rate adjustments in these circumstances must be worked out primarily in terms of rail transportation. Rail rate structures are a matter of delicate balance. Radical adjustment upward of certain of these rates might require action both alien to the purposes underlying these structures and also highly disturbing to the interests vitally dependent upon the maintenance of reasonable rate relationships, and even to great areas not immediately affected by water service. It is impossible, as a matter of law or of economic policy, completely to disregard the way

in which these rate structures have been developed and the purposes they serve. It means, rather, that the problem cannot be approached with the interests of only one class of the community in view.

In general the results of our efforts to adjust these water-competitive rail rates have not been satisfactory to certain of the water lines, who assert that their operations are still being conducted either at a loss or without adequate compensation, or that they are unable to operate at all on their former routes. They assert that, even as increased, the present competitive rail rates are depressed, and that, due to the slower service and other handicaps to which the water carriers are subject, they cannot expect to compete with the rail carriers on a profitable basis unless they are permitted to make considerable increases in their rates, but that they cannot do so and obtain or retain traffic unless there be a widening, or at least no lessening of the differentials between rail and water rates on the commodities which afford the principal and most attractive tonnage for the water lines.

As was stated in our last previous report, five separate investigations have been instituted into the lawfulness of the most important water-competitive rail adjustments and the corresponding water rates on intercoastal and Pacific coastwise traffic. As a result of the findings and orders in these proceedings, *Transcontinental Rail Rates*, 268 I. C. C. 567 and *All Rail Commodity Rates between Calif., Oreg., and Wash.*, 268 I. C. C. 515, revised rail rates have become effective. All of these investigations were held open for further proceedings, but none has yet been further heard. As a result of the general increases in freight rates authorized by us in the past 2½ years the rail rates have been increased on the average about 45 percent in addition to the increases brought about by our findings and orders in these proceedings. It has been deemed inadvisable to set for hearing these proceedings looking to orders requiring the involuntary increase of particular rates while applications of the rail lines for substantial general increases were pending. Some of the water lines have acquiesced in this delay. The intercoastal lines have suggested that the proceedings involving their rates be not set for hearing until the effect of these general increases can be determined. On the other hand, some of the water lines have urged that we grant no further increases to the rail lines until their water-competitive rates are increased to what the water lines consider a reasonable level. The Pacific coastwise water lines asked for a further hearing in the two proceedings involving Pacific coast rates, and a hearing was set for the middle of October 1948, but upon request of the water lines, because of a strike that has prevented their operation, the hearing has been postponed.

Concerning the Atlantic-Gulf situation, in Docket No. 13535, et al., *Consolidated Southwestern Cases*, and related proceedings (See 123 I. C. C. 203, 211 I. C. C. 229, 237 I. C. C. 15, 241 I. C. C. 501, and 251 I. C. C. 475) involving the general adjustment of class and commodity rates for rail-ocean, ocean-rail, and rail-ocean-rail service between points in the Southwest and points along the Atlantic seaboard, which had been reopened at the request of certain water lines engaged in Atlantic-Gulf coastwise service, further hearings have been held at which voluminous evidence has been introduced by the water lines. Additional hearings are in progress.

Reopened Docket No. 28090, *Tex-O-Kan Flour Mills Co. v. Abilene & S. Ry. Co.*, 241 I. C. C. 243, 255 I. C. C. 5, and 263 I. C. C. 91, which involves joint through rail-ocean rates on grain and grain products from southwestern origins to the north Atlantic ports, has been set for hearing, but has been postponed several times at the request of the parties and now is set in January 1949.

Docket No. 27969, *Aguilines, Inc., v. Akron C. & Y. Ry. Co.*, 248 I. C. C. 255, 266 I. C. C. 78, and 269 I. C. C. 261, in which we prescribed reasonable and equitable divisions of the joint ocean-rail class rates and certain commodity rates between the Southwest and the Atlantic seaboard, had been reopened for a limited purpose, but upon petition of rail carriers operating in official territory the proceeding was reopened in its entirety. The proceeding was set for hearing but was postponed at the request of certain of the parties. A petition of the official rail lines has been received asking that the proceeding be not set until after hearings in the reopened rate proceedings referred to above and in another pending proceeding involving the all-rail divisions between the same points.

With respect to the reopened fourth-section applications referred to in our previous reports, the Pacific coast proceedings embraced numerous fourth-section applications in which extensive relief had been granted the rail lines in 1927 to meet ocean competition, and which had been since extended and supplemented. That relief was denied in the original report in those proceedings, 268 I. C. C. 515, as has been previously reported. In addition we reopened a total of 138 fourth-section applications, 95 for relief to meet ocean competition largely in the Atlantic and Gulf areas, and 43 to meet barge competition. Of the 95 ocean-competitive applications, 56 have been denied and the previous orders granting relief vacated; 25 have been continued at least in part because investigation showed that present conditions justify the relief to the extent continued; hearings have been held or are about to be held in 12 other applications; 1 application is held pending determination of certain related rate

proceedings; and the remaining application does not appear to involve relief on the ground of water competition. In many instances when these applications were set for hearing other applications were found to be so related that they were also reopened and set for hearing at the same time. As to the 43 reopened barge-competitive applications, the outstanding relief was vacated in 10 of them, and was found justified by present conditions and, therefore, continued in 18 others. Of the 15 remaining, 14 have been assigned for hearing and 1 has been heard.

DEVELOPMENTS IN INTEGRATION

The term "integration" is used in a variety of senses. In the field of transportation, however, it is perhaps most usually applied to the unification of operations, facilities, or services as between different types of transport agencies (rail, water, motor, air, and pipe line) regardless of the method used to effectuate the unification.

As between different types of carriers, the greatest progress in integration appears to have been made in the combination of railroad operations and services with those of highway motor vehicles. Railroads engage to a substantial extent in highway transportation not only directly but also through noncontrolled motor carriers and through their own subsidiaries. Operations of the two former types are auxiliary or supplementary to train service.² Motor operations through controlled motor carriers are, in some cases, of this auxiliary or supplementary character; in others, are independent of rail business and sometimes combine both. There are also minority rail interests in motor carriers of passengers, which carriers, in some instances, conduct very extensive independent operations, as well as some minority interests in property carriers.

In the week of August 20-26, 1944, as shown in the accompanying table, motor-vehicle operations by and for the class I railways in freight, in passenger, and in mail and express services involved an estimated total of 5,307,441 vehicle-miles. In both the freight and passenger services approximately 80 percent of the estimated motor vehicle-miles were produced directly by the railroads or by motor-carrier companies controlled by them, mainly the latter. In the less important mail and express service not quite 45 percent of these estimated vehicle-miles were produced for the railways by non-controlled motor carriers. However, the large mileage of motor passenger operations is explained in part by the inclusion of mileages involved in ticket-honoring arrangements. In terms of the operations of class I motor carriers, it is also estimated that the motor-vehicle

² Compare *Interstate Commerce Commission v. Parker*, 326 U. S. 60 and *American Trucking Associations v. United States*, 326 U. S. 77.

mileage operated by or for railroads in 1944 constituted 4 percent of the total mileage operated by class I motor carriers of property, and 23.6 percent of the mileage operated by class I motor carriers of passengers.

*Estimated vehicle-miles of motor service produced by or for class I railroads, by type of service, week of August 20-26, 1944*¹

| Nature of service | Estimat- ed vehicle- miles | Method of operation | | | |
|--|-------------------------------------|--|-----------------------------|---|-----------------------------|
| | | Directly by rail- roads or by rail- road-con- trolled compa- nies | Per- cent of total | Operated by non- con- trolled motor carriers | Per- cent of total |
| <i>Property service</i> | | | | | |
| Total in United States..... | 1, 594, 499 | 1, 282, 261 | 80. 4 | 312, 238 | 19. 6 |
| Between main-line points or main- and off-line points..... | 1, 051, 661 | 873, 318 | 83. 0 | 178, 343 | 17. 0 |
| Between main-line and branch-line points..... | 419, 946 | 328, 181 | 78. 1 | 91, 765 | 21. 9 |
| Between branch-line points or branch- and off-line points..... | 110, 486 | 70, 438 | 63. 8 | 40, 048 | 36. 2 |
| Not classified..... | 12, 406 | 10, 324 | 83. 2 | 2, 082 | 16. 8 |
| <i>Passenger service</i> | | | | | |
| Total in United States..... | 3, 628, 902 | 2, 761, 318 | 76. 1 | 867, 584 | 23. 9 |
| Between main-line points or main- and off-line points..... | 2, 609, 623 | 1, 900, 242 | 72. 8 | 709, 381 | 27. 2 |
| Between main-line and branch-line points..... | 364, 069 | 351, 555 | 96. 6 | 12, 514 | 3. 4 |
| Between branch-line points or branch- and off-line points..... | 611, 795 | 467, 002 | 76. 3 | 144, 793 | 23. 7 |
| Not classified..... | 43, 415 | 42, 519 | 97. 9 | 896 | 2. 1 |
| <i>Mail and express service</i> | | | | | |
| Total in United States..... | 84, 040 | 46, 458 | 55. 3 | 37, 582 | 44. 7 |
| Between main-line points..... | 49, 836 | 33, 852 | 67. 9 | 15, 984 | 32. 1 |
| Between main-line and branch-line points..... | 8, 904 | 2, 580 | 29. 0 | 6, 324 | 71. 0 |
| Between branch-line points..... | 25, 300 | 10, 026 | 39. 6 | 15, 274 | 60. 4 |

¹ Motor operations in lieu of rail lines abandoned are classified as branch-line service.

Of the 1,785 unification applications involving motor carriers filed with us during a 7-year period ended September 30, 1942, under the former section 213 and present section 5 (2) of the act, 187, or 10.5 percent, were by railroads or by motor carriers affiliated with railroads. Of the 1,783 applications acted on during the 6 years subsequent to September 30, 1942, a total of 94, or about 5 percent, involved railroads or their controlled subsidiaries, and 79, or about 84 percent, of them were approved. However 23 or about 29 percent of these approved applications permitted motor-carrier interests to acquire rail holdings in motor operations. Fourteen, or well over half of these 24, involved passenger operations, and 5 combination operations. Only 4 of the 23 authorized the acquisition of property operations.

In June 1946, the Chicago, Burlington & Quincy Railroad Company sold 51 percent of the capital stock of Burlington Transportation Company to American Bus Lines, Inc., and in April 1947, sold the remaining 49 percent to American. During 1947 the New York Central disposed of its 27.27-percent interest in the voting common

stock of Central Greyhound Lines, Inc., to the other stockholder, The Greyhound Corporation. In February 1948, the Santa Fe Trail Transportation Company, a subsidiary of The Atchison, Topeka and Santa Fe Railway Company, sold its passenger operating rights and properties to Transcontinental Bus System, Inc., accepting in exchange 39.1 percent of the latter's capital stock and a like amount of its debentures. The desire of The Denver & Rio Grande Western Railroad Company to withdraw from the motorbus business was noted in two transactions recently authorized. On September 3, 1948,³ Continental Bus System, Inc., was authorized to purchase the motorbus operating rights and property of the Denver & Rio Grande Western's wholly owned subsidiary, Rio Grande Motor Way, Inc. Continental is the wholly owned subsidiary of Transcontinental, mentioned above. If another transaction which was conditionally authorized in a concurrent decision is consummated, the Denver & Rio Grande Western would also sell to Continental its 50-percent stock interest in Denver Colorado Springs Pueblo Motor Way, Inc., a motor carrier of passengers.

The reasons which explain transactions of the kinds described above are not self-evident in all cases and doubtless vary considerably. It may be conjectured that in some instances there was a desire to avoid competition with the improved rail service of the selling railroad.

Further light is thrown on the integration of rail-motor service by data from the National Substituted Freight Service Directory, issued pursuant to our decision in *Substituted Freight Service*, 232 I. C. C. 683 (1939). The first such directory, filed effective March 6, 1940, listed 144 railroads as offering substituted motor-carrier service; the second, effective December 30, 1946, listed 150 railroads. The number of pages of tariff items increased over 70 percent between the two dates and the number of motor carriers (largely independent carriers, but including railroad subsidiaries and the railroads themselves) shown as affording substitute service rose from 195 to 467.

Recent changes include the addition of such substitute service at 413 stations in Illinois, Indiana, and Ohio by the New York Central Railroad, and the cancellation by the Texas & New Orleans Railroad of service at from 350 to 400 stations in Louisiana. The most rapid growth of this service has been in the western district, though important increases also have occurred in the eastern district. Payments by railroads to motor carriers for the transportation of property

³ No. MC-F-3806, *Continental Bus System, Inc.—Purchase—Rio Grande Motor Way, Inc.*, 55 M. C. C. 31, embracing No. MC-F-3807, *Transcontinental Bus System, Inc.—Control; Continental Bus System, Inc.—Control—Denver Colorado Springs Pueblo Motor Way, Inc.*

in substitute service aggregated \$19,020,381 in 1947, distributed as follows: Eastern district, \$7,062,371; southern district, \$1,551,198; and western district, \$10,406,812.

On certain trips or hauls, motor carriers make some use of railroad and water-carrier freight service in lieu of operating their own vehicles over the road. Loaded motor vehicles are transported in this way; also, some motor traffic is handled by rail without accompanying motor equipment. Directories of rate bureaus in several areas list motor and rail carriers which are parties to such arrangements. In all, 65 motor carriers, mainly not railroad subsidiaries, are listed currently. Reports of 31 class I motor carriers indicate that they paid \$2,467,960 in 1947 to railroads and water carriers, principally the former, for services of the character mentioned. The payments of individual carriers ranged from small amounts to a maximum of nearly \$400,000.

The act gives us the authority to establish through routes and joint rates between railroads and common carriers by water. As is well known, such arrangements are widespread, though they are absent in the case of water carriers which operate in the intercoastal trade through the Panama Canal other than the Gulf-Pacific intercoastal trade. A large volume of joint traffic has moved under these arrangements, though in general the volume so moving has declined. Our recent decision in *Rail and Barge Joint Rates*, 270 I. C. C. 591, established a revised basis of differentials between all rail rates and joint rail and barge rates in the Mississippi Valley and in other sections reached on such rates.

Motor common carriers may, but under the act are not required to, enter into through-route and through-rate arrangements with other such carriers or with common carriers in other fields of transportation. There are some voluntary arrangements of this kind between motor carriers of passengers and other types of transportation, but except in special cases, motor carriers of property and railroads are not parties thereto. There are, however, some arrangements of this kind in the case of motor carriers of property and water carriers. In the 7-year period ended September 30, 1942, water carriers figured in seven unification applications involving motor carriers and were parties to eight such applications in the following 6 years. All except two of the eight applications in the later period were approved.

Railroads and motor carriers, as well as overseas water carriers, have not been able to enter the field of scheduled air transportation. Certain minor interests in air lines which railroads held when the act was passed have been disposed of for the most part. One large rail-

road has given up an irregular type of air service after conducting such operations for a relatively short time. Another and smaller railroad holds a 90-percent interest in an air line performing irregular service. Some coordination between air and surface carriers is provided through the services rendered by motor carriers incident to air and air freight forwarder services, and through the furnishing of air express service by the Railway Express Agency, Inc.

In addition to these developments between or among carriers of different types, there have been extensive unifications of operations, facilities, or services between the carriers of the same type. During the years from 1920 to 1947 the railroads filed 982 applications under section 5 (2) to purchase, merge, or lease lines, to acquire ownership of stock, or to enter into various operating agreements. We approved 932 petitions of these kinds involving 126,766 miles of road.

In our 56th annual report we pointed out that in the 7 years ended September 30, 1942, a total of 1,785 unification applications involving motor carriers had been filed under former section 213 and present section 5 (2) of the act, including 187 by railroads or motor carriers affiliated with railroads, which were discussed above. Of the 1,645 applications which had been disposed of, 79 percent had been approved, 15 percent dismissed, and 6 percent denied. Many of the approvals, however, were granted on terms different from those proposed or were contingent upon the fulfillment of prescribed conditions. Including the applications of railroads or rail-motor affiliates referred to above, motor property operations were involved in 80 percent of the applications, motor passenger operations in 19 percent, and a combination of the two in 1 percent of the cases. The motor carriers acquired were preponderantly of small size. A briefer analysis made of the applications acted upon in the 6 years between October 1, 1942, and September 30, 1948, shows that 1,783 applications to purchase, acquire stock control, merge or consolidate, lease, contract to operate, or pool were acted on in this period. Of these decisions, 1,486 or 83 percent involved motor property operations, 257 or 15 percent motor passenger operations, and 41 or 2 percent a combination of the two. Approvals, either qualified or unqualified, were granted in 1,458 or 82 percent of the cases; 213 applications or 12 percent of the total were dismissed, and 113 or 6 percent were denied. Approvals were granted in 81 percent of the total cases which involved property operations, in 84 percent of the passenger cases, and in 80 percent of those which involved both types of service.

Unifications not subject to approval under the act have also occurred in the field of pipe-line transportation. Since 1933 about 15 such companies have been absorbed by other pipe-line companies or by parent oil companies.

The foregoing statements take no account of the numerous transfers of motor-carrier operating rights under section 212. In our 1942 report to the Congress, we stated that these transfers in their entirety involved unification to a relatively minor extent.

CONTRACTS WITH WAREHOUSEMEN

We completed investigations of contracts with warehousemen, pool-car distributors and others entered into by railroads and some line-haul motor carriers and freight forwarders for pick-up and delivery of less-than-carload and less-than-truckload freight shipments in terminal areas. Operations and practices in that service under the contracts, and those not under contract, were examined in Kansas City, Mo.-Kans., St. Paul and Minneapolis, Minn., Seattle, Wash., and Portland, Oreg.

On September 24, 1948, we issued our report, *Allowances for Pick Up and Delivery at Kansas City*, 272 I. C. C. 331, covering the services at all the cities named. We found that the railroads furnished the service through draymen, including warehousemen and pool-car distributors, who act as independent contractors under written contracts with the railroads. We further found that no violations of the Interstate Commerce Act result from the methods and practices under which the service is performed for the railroads and that the latter may lawfully pay, under the contracts, rates to the contractors higher than the rates published in the railroads' tariffs as allowances to consignors and consignees who make their own arrangements for pick-up and delivery.

With only a few exceptions, the motor-carrier and freight-forwarder respondents were found to be violating the act by making payments to warehousemen, pool-car distributors and other cartage operators, or draymen, in excess of tariff allowances for pick-up and delivery of less-than-carload and less-than-truckload shipments, because the service was not in fact performed for such respondents. The latter did not consider the draymen to be their agents or independent contractors in performing the service, and assumed no responsibility for its performance. Where agreements existed, under so-called oral contracts, they were merely to the general effect that the drayman's charges for the pick-up service, if not too high, would be paid by the line-haul carrier or freight forwarder upon delivery of the shipments to their out-bound freight terminals, without any acceptance of responsibility until delivery was made. Under such conditions, it was clear that the carrier or freight forwarder had not made arrangements for the service on their behalf and that, within the meaning of the tariffs, the consignor, warehouseman, or other person, had made the arrangements with the pick-up drayman when they turned over the shipments to him.

We found that, under those conditions, payment by respondents of drayage charges at rates higher than the published tariff allowance was an unreasonable practice in violation of the act, violated the prohibition against rebating, and gave an undue preference and advantage to the traffic, and shippers of the traffic, so drayed and paid for. To remove the unlawfulness, motor carriers and freight forwarders who offer the service and desire performance for them by others, must enter into written contracts with the cartage operators, or draymen, under which the latter act as agents, or as independent contractors, and are required by their contracts to issue, or accept, receipts in the name of the motor carrier or freight forwarder for the goods they pick up or deliver.

MOTOR CARRIER ACCOUNTING

The requirements for keeping accounts and filing reports by class I motor carriers of property and passengers, first instituted in 1938, are at present applicable to 2,879 carriers out of a total of 22,384 carriers subject to our general jurisdiction. For the purpose of prescribing uniform systems of accounts, carriers have been grouped into three classes, based on annual gross operating revenues from motor-carrier operations, viz: Class I, \$100,000 or over; class II, \$25,000 or over but less than \$100,000; and class III, less than \$25,000. Thus, 13 percent of the carriers subject to our general jurisdiction are required to keep their accounts under a uniform system and file quarterly and annual reports in the form prescribed by us. While the class I carriers represent 13 percent of the total number engaged in interstate transportation, they account for approximately 60 percent of the total revenue of interstate carriers of property and about 80 percent of the total revenue of interstate carriers of passengers.

In our prior reports we stated that, although desirable, we had not prescribed accounting systems for other than class I carriers largely because of insufficient personnel to perform the educational work involved in such an undertaking. However, because of the urgent need for information respecting this large segment of the transportation field, we have decided to require annual reports from these carriers effective with 1948. These reports will be confined principally to the reporting of revenues, expenses, vehicle miles operated, tons transported, equipment operated, and some limited information respecting number of employees.

The experience gained in regulating the accounts of class I motor carriers over the past 10 years demonstrated the desirability of making certain revisions in the systems of accounts, including editorial changes for the purpose of clarifying definitions, instructions, and accounts, as well as the simplification of some of the accounting procedures. Accordingly, after consultation with representatives of State

regulatory bodies and the trucking industry our Uniform System of Accounts for Class I Common and Contract Motor Carriers of Property was revised, effective as of January 1, 1948. Changes in this system were made principally in the operating expense accounts and it is believed they will result in making available more accurate data necessary for cost-finding purposes.

Our field accountants held meetings throughout the country with carrier accountants for the purpose of explaining the changes in the system of accounts. The response of the carriers to the new system of accounts has been very gratifying.

Our staff has maintained close contact with the National Accounting Committee of American Trucking Associations for the purpose of coordinating our efforts toward improvement in the accounting procedures of motor carriers. One of the outstanding results of this program has been the formation of local societies of motor-carrier accountants for the purpose of discussing mutual problems and exchanging ideas. A large number of these local associations have been formed in the past year and frequent meetings are being held. We feel that the enthusiasm and interest shown by these groups in the improvement of accounting standards among motor carriers will be of great assistance to us in administration of our accounting regulations.

A revision of the Uniform System of Accounts for Motor Carriers of Passengers is now being prepared to give effect to changes found necessary as a result of our experience over the past 10 years. It was expected that the revision could be completed in time to become effective January 1, 1949, but owing to the press of other work this was found to be impossible.

We are now engaged in preparing a series of accounting interpretations, designated as Accounting Circular No. MF-1, in order that the accountants of motor carriers of property will have available for their use authoritative explanations regarding certain accounts which appear to conflict or otherwise require clarification. Some 200 of these cases have now been issued, and it is contemplated that there will be several hundred more. The interpretations contained in this series, having been made by our Bureau of Accounts and Cost Finding, are tentative and provisional in the absence of formal consideration of the subjects. It is anticipated that a similar accounting circular will be issued for the use of passenger carriers.

Uniformity in accounting practices of motor carriers is a vital necessity in the development of comparative data and other information for cost-finding purposes, and it is, therefore, pleasing to note that 20 State public-utility commissions have adopted our system of accounts for application to motor carriers operating solely in intra-state commerce.

PROTECTIVE SERVICE AND CAR OWNING COMPANIES

In our report for 1947 we mentioned efforts that were being made to improve and broaden protective service against cold by providing for a service for apples and pears based upon the temperature within the car instead of outside, and by the establishment within the East of a service to be rendered upon the initiative and responsibility of the carriers. The latter type of service, known as Carriers' Protective Service, has been available to shippers in the West for many years but is not provided in the territory east of the eastern boundary of heater territory, which is approximately the Illinois-Indiana State line.

Tests of thermostatically controlled heaters conducted in the winter of 1947-48 disclosed that heaters of that kind, when used in standard refrigerator cars, had no consistent advantage over the common charcoal heaters in protecting perishable freight. Although the controlled heaters were found to be superior to those tested during the previous season, they have not yet reached such a state of perfection that they will function without attention en route, thus being no better in that respect than charcoal heaters. The thermostatically controlled heaters used in refrigerator cars equipped with air-circulating fans showed promise of satisfactory results. Fruit shipped in cars equipped with such heaters and air-circulating fans arrived at destination with less deterioration than had ever been noted in shipments under heater service. Experts in charge of the test concluded that "until enough fan cars are available to handle the winter movement of apples and pears from the Northwest, a requirement of the universal use of thermostatically controlled heaters cannot be recommended." The merit of such heaters has been recognized by at least one of the larger protective-service car line companies, which has ordered a substantial number of them. The practice of equipping refrigerator cars with built-in air-circulating fans is comparatively recent. Approximately 22,000 such cars are in use at the present time, an insufficient number to accommodate all fruit shipments, but the number is increasing as more material for building new cars and rebuilding older ones becomes available.

The carriers within the East continue to decline to assume responsibility for the protection of perishable freight against cold and to oppose any requirements that they provide that protection. Hearings in an investigation relating to the propriety of requiring such service are under way.

Since our last report, we have considered and approved 7 new contracts or agreements and 91 amendments to existing contracts or agreements between common carriers by railroad and other persons for the furnishing to or on behalf of such carriers of protective service against heat or cold to property transported or to be transported in

interstate or foreign commerce, in accordance with section 1 (14) (b) of the Interstate Commerce Act.

On September 1, 1948, the railroads and railroad-controlled car-line companies had 174 fewer refrigerator cars than they had on September 1, 1947. Within that period they installed 8,889 new refrigerator cars but the number retired was 9,063. On September 1, 1948, the railroads and their controlled car-line companies had 5,807 refrigerator cars on order, and other persons, principally private car-line companies, had 4,290 such cars on order. Class I railroads and railroad-controlled car-line companies owned 104,598 refrigerator cars, and 27,769 such cars were owned by other persons, making a total of 132,367. There has been no shortage of refrigerator cars since March 1948 because of a decline of approximately 10 percent in the shipment of perishable freight by rail, compared with the same period last year. An anticipated increase in the demand for refrigerator cars may tighten the supply during the latter part of 1948.

SAFETY WORK AND ACCIDENTS

RAIL

As in 1946, the volume of both freight and passenger traffic handled on the railroads in 1947 was greatly in excess of the prewar level. However, the number of persons killed in accidents involving train operation (train and train-service accidents) in 1947 totaled 3,944 as compared with 4,444 in 1940, a decrease of 11.3 percent, but the number of persons injured in such accidents increased from 17,558 in 1940 to 29,145 in 1947, an increase of 66 percent.

Comparison for the period January-June 1948 with the corresponding period of 1947 shows a decrease in 1948 of 12.3 percent in killed and 8.6 percent in injured. The following statement analyzes the casualties during these two 6-month periods by classes of persons:

| Class of persons | Train and train service, 6 months, January-June | | | | | | 12 months, January- December | |
|------------------------------|--|-------|----------------------------|---------------------------|--------|----------------------------|------------------------------------|-------------------------|
| | Number persons killed | | | Number persons injured | | | Percent increase 1947 over 1940 | |
| | 1948 | 1947 | Per- cent in- crease | 1948 | 1947 | Per- cent in- crease | Per- sons killed | Per- sons injured |
| Trespassers..... | 627 | 598 | 4.8 | 441 | 437 | 0.9 | ¹ 30.8 | ¹ 43.0 |
| Employees on duty..... | 235 | 288 | ¹ 18.4 | 8,207 | 9,246 | ¹ 11.2 | 26.0 | 136.3 |
| Passengers on trains..... | 28 | 53 | ¹ 47.2 | 1,954 | 2,028 | ¹ 3.6 | ¹ 13.3 | 64.3 |
| Travelers not on trains..... | 1 | 5 | ¹ 80.0 | 36 | 36 | 0.0 | 80.0 | 35.0 |
| Others..... | 801 | 985 | ¹ 18.7 | 2,502 | 2,627 | ¹ 4.8 | 0.1 | 0.1 |
| Total..... | 1,692 | 1,929 | ¹ 12.3 | 13,140 | 14,374 | ¹ 8.6 | ¹ 11.3 | 66.0 |

¹ Decrease.

In the year ended June 30, 1948, there were 341 accidents in connection with steam locomotives, in which 15 persons were killed and 361 injured, as compared with 360 accidents in which 16 persons were killed and 464 injured in the preceding year. In connection with locomotives other than steam there were 41 accidents, no persons were killed, and 50 injured. The corresponding figures for the preceding year were 40 accidents, 2 persons killed, and 41 injured. The totals with respect to all locomotive accidents for 1948 were 15 persons killed and 411 injured.

Our reports for the last 2 years have outlined the progress made in the investigation which we instituted in 1946, Docket No. 29543, regarding the need for greater protection for high-speed train operation. Hearings have been had on all petitions for exemption from or modification of our order in this proceeding and they are now pending.

Under the Accident Reports Act, approved May 6, 1910, we have investigated the more serious railroad accidents during the past 5 years, as follows:

| Year ended June 30— | Number of accidents investigated | | | Persons | |
|---------------------|----------------------------------|--------------|-------|---------|---------|
| | Collisions | Deraillments | Total | Killed | Injured |
| 1948..... | 52 | 28 | 80 | 106 | 1,624 |
| 1947..... | 74 | 40 | 114 | 214 | 2,984 |
| 1946..... | 73 | 20 | 93 | 205 | 3,566 |
| 1945..... | 71 | 26 | 97 | 311 | 2,301 |
| 1944..... | 77 | 25 | 102 | 377 | 1,722 |

¹ Includes one accident, classed as miscellaneous, involving track laborers struck by passenger train.

Our accident-investigation reports, which are issued currently, show that the conditions which led to the occurrence of many of these accidents included inadequate operating rules, rules not properly understood, enforced, and obeyed, and other improper operating conditions and practices, many of which could have been detected and corrected. Under existing law our authority with respect to these matters is limited to the investigation of accidents and making reports thereon including such recommendations as we deem proper. In our annual reports for 1946 and 1947 we recommended that section 25 of the Interstate Commerce Act be amended so as to authorize us to require any carrier subject to that section to establish and maintain rules, regulations, and practices with respect to operation of trains intended to promote safety of railroad operation. Bills to effectuate this recommendation, H. R. 2299 and S. 2162, were introduced in the Eightieth Congress. A similar recommendation to amend section 25 is included in this year's recommendations.

MOTOR

There were 18,775 accidents reported to us in 1947 as compared with 15,121 in 1946, an increase of approximately 25 percent. The accidents reported resulted in 1,382 fatalities as compared with 1,338 in 1946, an increase of 3 percent; in 17,367 injuries as compared with 16,565 in 1946, an increase of 5 percent; and in property damage of \$19,624,532 as compared with \$13,312,212 in 1946, an increase of 47 percent.

The number of reported accidents caused by mechanical defects increased from 1,198 in 1946 to 1,382 in 1947. This increase in number is somewhat offset by the increased mileages operated, as evidenced by the fact that in terms of percentages of all motor-vehicle accidents reported the percentage of mechanical defect accidents has decreased steadily during the past 4 years. Fatalities and injuries resulting from this type of accident reported have decreased, but the property damage, which was in excess of 3 million dollars last year, exceeded the total for any prior year. Defective brakes and tires continue to be the predominant cause of such accidents.

The number of reported accidents involving fires increased from 495 in 1946 to 591 in 1947. While property damage resulting from this type of accident increased from 3 million dollars to almost 5 million dollars, deaths decreased from 139 to 118, and injuries decreased from 543 to 433.

It is a matter of concern that the number of accidents involving vehicles of common and contract motor carriers subject to our jurisdiction, and the casualties resulting therefrom, have increased during a period marked by a national decrease in motor-vehicle accident fatalities of 3 percent, as reported by the National Safety Council. While the increase in property damage is serious, such increase can be attributed in part to the increased dollar valuation of vehicles and goods damaged or destroyed. Every effort is being made to bring about stricter compliance with our safety regulations both as to hours of service and proper equipment and maintenance of vehicles as a means of correcting the situation. Studies indicate that it is possible materially to decrease the number of mechanical defect accidents by adequate inspection and maintenance practices. While the retirement of some of the older equipment during the year has been of assistance, the primary method of reducing such accidents is adequate inspection and maintenance of all vehicles in operation. Where administrative action has proved ineffective in obtaining compliance with our safety regulations, we have resorted to legal proceedings.

We are continuing to give special attention, in the case of applications for authority to transport explosives, to the fitness, willingness, and ability of the applicants safely to transport such commodities.

ELECTRONICS IN TRANSPORTATION

In our last annual report we referred to train-communication installations on the Missouri Pacific and the Atlantic Coast Line railroads. At that time the installation on 193 miles of the Missouri Pacific line between McGehee, Ark., and Alexandria, La., was nearing completion, and that on the Atlantic Coast Line was under way. During the year the installation on the Missouri Pacific was placed in service. That of the Atlantic Coast Line, which is on 234 miles of its line between Rocky Mount and Wilmington, N. C., and between Wilmington, N. C., and Florence, S. C., is 75 percent complete. So much thereof as is for use in South Rocky Mount yard is now in service.

As was pointed out in our last report, the Pennsylvania Railroad's installation between Harrisburg and Pittsburgh, Pa., is complete and in service. An application filed by this carrier covering the installation of a train-communication system on 104 miles of road between Columbus, Ohio, and Sandusky, Ohio, requiring equipment on 31 locomotives, 28 cabin cars, and at 10 block stations, was approved, and the installation is now in service.

There are 15 communication systems in service on 13 different railroads which provide wayside-to-train, end-to-end, or train-to-train communication, or a combination of these services. Seven of these employ space radio, 6 are inductive systems, and 2 employ space radio for end-to-end communication and inductive equipment for train-to-wayside communication. In addition, 52 installations providing communication between fixed stations and switching engines in yards and terminals are in service on 29 railroads. Fifteen of these employ inductive equipment and 37 use space radio equipment. Seven railroads also have radio installations in service in connection with the operation of tugboats in car-ferry and harbor services. There are also 6 communication systems on the lines of 6 carriers, and 24 systems in yards and terminals on 17 different carriers, being installed.

For the past 2 years we have recommended that section 25 of the Interstate Commerce Act be amended so as to authorize us to require any carrier subject to that section to install and maintain telegraph, telephone, radio, inductive, or other wayside or train-communication systems intended to promote safety of railroad operation. H. R. 2299 and S. 2162 introduced in the Eightieth Congress would carry this recommendation into effect.

STANDARD TIME ZONE INVESTIGATION

No change has been made in the boundary lines themselves since the change in eastern Tennessee and Kentucky, effective September 28, 1947. However, two modifications of railroad operating exceptions

have been made. By supplemental report and order, 270 I. C. C. 15, effective April 11, 1948, the outstanding orders in this investigation were modified so as to permit the line of the Union Pacific Railroad south and west of Salt Lake City, Utah (formerly the Los Angeles & Salt Lake Railroad), to be operated on standard Pacific time, although the portion of that line in Utah is in the mountain zone. In a subsequent report and order, 272 I. C. C. 479, effective September 26, 1948, an outstanding exception which authorized the Wabash Railroad to operate its trains as far east as Detroit on standard central time was modified so as to terminate at Oakwood Yard, 8 miles southwest of Detroit.

By Public Law 765, 80th Congress, approved June 24, 1948, 62 Stat. 646, the Standard Time Act (U. S. C., 1940 edition, title 15, section 264) which provides for the placing of southern Idaho in the mountain zone, was amended, effective July 5, 1948, so as to permit common carriers in that portion of the State to conduct their operations on Pacific time. It was understood that the Union Pacific Railroad, which requested this amendment, contemplated using the permission granted, but needed a modification of our outstanding orders so as to enable it to break the time at Huntington, Oreg., a short distance across the Idaho-Oregon boundary. No such petition has been filed, and so far as the Commission is aware no common carrier has taken advantage of the permission tendered in the amendment.

An unusual situation has arisen in California. Faced with a threatened power shortage, the Governor of California in March 1948, proclaimed the existence of an emergency and ordered the standard time of the State advanced by 1 hour until January 16, 1949, unless terminated sooner. The notice given the railroads of this change was extremely short. The Southern Pacific Railroad under the circumstances issued a circular providing for the operation of the railroad within the State of California on daylight time, but set back by an hour the time of arrival and departure of all through trains. This had the effect of advancing the time of all trains originating and terminating within the State but, by running the through trains an hour later in terms of the advanced standard, actually maintained the same schedule as applied under standard time for those trains. As section 2 of the Standard Time Act provides that the standard time of the zone, in this case standard Pacific time, "shall govern the movement of all common carriers" engaged in interstate or foreign commerce, it is obvious that this was a violation of that law. The railroad attempts to excuse the violation because of the shortness of notice and the fact that it was temporary and might be terminated at any time. They also state that much greater confusion would have

resulted to the California people if standard time had been retained in their schedules and the time of the local trains advanced an hour.

For the past several years we have directed attention to our lack of adequate statutory authority under the Standard Time Act, 15 U. S. C. 261-5, as interpreted by the Supreme Court in *Massachusetts State Grange v. Benton*, 272 U. S. 525. Our prior reports show the confusion and conflict and sometimes danger brought about by the independent action of individual States and communities in adopting a standard of time for local purposes differing from the standard prescribed by the Standard Time Act for the same locality and required to be observed for certain specified purposes (section 262). According to a survey by the Associated Press, about 60,000,000 persons in numerous communities scattered throughout the country observed the advanced standard of time during the past summer. New adherents to the fast standard were found in the Detroit area in Michigan and in many cities in eastern Ohio, and in port cities in Washington and Oregon. Included in the above were the populations of California and Nevada, which observed the faster standard on a semipermanent basis not confined to the summer months.

Congress itself passed a daylight saving law for the District of Columbia, Public Law No. 506, 80th Congress, approved April 29, 1948, which substantially reenacted the law which was approved the previous year (Public Law No. 45) and had expired of its own limitation. The 1948 law authorized the District Commissioners to advance the "standard time" for the District of Columbia by 1 hour, and under its authority the time was so advanced. It too was enacted for 1 year only. As the law provides that the "time established by the Commissioners under authority of this Act shall, during the period for which it is applicable, be the standard time for the District of Columbia," it would seem to conflict with the Standard Time Act, which provides that "The standard time of the first zone (which under our orders embraces the District of Columbia) shall be based on the mean astronomical time of the seventy-fifth degree of longitude west from Greenwich." If further legislation along this line is contemplated, this conflict should be eliminated.

During the present session (80th Congress, 2d Session), two bills, S. 2041 and S. 2226, introduced by Senators Overton and Reed, respectively, would have carried into effect our recommendation that the standard time for the United States be made the standard time of the Nation, in law and fact, fully and completely. At a hearing before the Committee on Interstate and Foreign Commerce, April 20, 1948, we supported those bills. It is noteworthy that the principle of uniformity in standard time so long recommended by us appeared to have the unanimous support of the rail carriers, motorbus operators,

radio broadcasters, theaters, and farm organizations, both national and local. The only controversy was whether standard time should be continuously based on the designated meridians throughout the whole year, or should embrace a so-called daylight saving provision. One bill had a daylight-saving provision; the other did not. On this question of policy we expressed no opinion. From the standpoints of efficient operation of the transportation system of the country, and also effective administration of the Standard Time Act in fixing the time zone boundaries, the important consideration is to place the standard time upon a sound, effective, and logical basis, which can only be done by additional legislation which is susceptible of enforcement and which assures uniformity without local deviation.

We renew our repeated recommendations that Congress broaden the scope of the Standard Time Act so as to provide for each zone a single standard of time, to be observed for all purposes.

COOPERATION WITH OTHER GOVERNMENT AGENCIES

During the year members of the Commission have served on various committees with representatives of other Government agencies for the consideration of matters involving transportation problems. We have continued to cooperate with the Government agencies through the designation of members of our staff to serve on advisory committees or in various other capacities.

We have representation on the Federal Committee on Highway Safety and on the Federal Interdepartmental Safety Council, both of which were established pursuant to Executive orders of the President. A member of our staff has participated in conferences with the State Department on the subject of reciprocity between the United States and foreign governments in the operation of motor vehicles.

We have worked closely with the Public Roads Administration, Federal Works Agency, and have participated in the work of the Interdepartmental Committee on Scientific and Cultural Cooperation through representation on its Transportation subcommittee. We have been represented on the Federal Committee on Economic Statistics, and on various committees or divisions of the Interagency Committee on the Development and Application of the Standard Industrial Classification. A member of our staff serves on the Federal Specifications Board with respect to transportation containers of all kinds.

The secretary and assistant secretary, and other administrative officers have continued to act as liaison officers in many matters relating to personnel administration, procurement of supplies and equipment, and other contract matters, field space requirements, budget formulation, and various other related subjects.

ADMISSIONS TO PRACTICE

For the year ended October 15, 1948, the total number of admissions was 856. This brings to 18,178 the total number of persons who have been admitted to practice since our register of practitioners was established on September 1, 1929.

During the initial period following the establishment of our bar, 59.4 percent of the total number of our practitioners had not been admitted to practice before the highest court in their respective States. The proportion of nonlawyers included in the total number of persons admitted, however, has declined until it is now only 28 percent. Compared with this over-all average, the number of nonlawyers admitted during the year was 33 percent of the total admissions for the year.

Applicants for admission to practice who are not members of the bar of the highest court in any jurisdiction are required to pass written examinations. In the examinations which were conducted during the period covered by the report 384 applicants were examined, of whom 284, or 74 percent, successfully passed and were admitted.

WORK OF THE LEGISLATIVE COMMITTEE

The Legislative Committee responded to 71 requests from committee chairmen and other members of the Eightieth Congress for reports on bills having a bearing on our administrative functions. In addition, it submitted eight reports to the Bureau of the Budget concerning legislative matters upon which that bureau sought our views. Several members of the Commission and some of its employees appeared before congressional committees at their requests for participation in hearings on pending bills.

Two laws of major importance from the standpoint of work were enacted for the purpose of amending the Interstate Commerce Act. Public Law 478 added a new section (20b) permitting carriers by railroad as defined in section 20a, which are not in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act, to make adjustments of their obligations without resort to judicial reorganization under section 77. Public Law 662 provided a new section (5a) pertaining to the regulation of two or more common carriers or freight forwarders, subject to the act, when they agree upon and act jointly through a bureau, conference, or association in establishing rates, fares, charges, et cetera, subject to the provisions of the act. Both of these measures have been included in our legislative recommendations in prior annual reports.

In addition, bills were introduced in one or both Houses to carry out the other recommendations for legislation in our annual report for 1947. Most of these were embodied in a comprehensive bill which proposed a number of minor changes in the Interstate Com-

merce Act and was introduced in both Houses and reported favorably to the House of Representatives. That House also passed a bill which would have provided uniform periods of limitation in actions for the collection of overcharges and undercharges by common carriers and freight forwarders subject to the act.

At the time of adjournment of the Congress, there were pending before committees various bills relating to our powers with respect to the transportation of explosives, the installation of safety devices by railroads, awards of damages from common carriers by motor vehicle and freight forwarders to persons injured by them through violations of the act, and standard time. There were also pending important bills involving court review of our orders, practitioners before administrative agencies, and the proposed establishment of a Federal department of transportation.

BUREAU OF ACCOUNTS AND COST FINDING

By order of March 1, 1948, effective March 7, 1948, we changed the name of the Bureau of Accounts to the Bureau of Accounts and Cost Finding, merging therein (1) the former Section of Accounts of the Bureau of Motor Carriers, and (2) the Section of Cost Finding of the Bureau of Transport Economics and Statistics. The merger brought together the regulation of accounts maintained by all carriers subject to our jurisdiction and placed the study of transportation costs within the Bureau which formulates and administers the prescribed accounting requirements. The mechanics of the consolidation are substantially complete, but its continuing effect will be readier access to essential data for finance, rate, and revenue proceedings. The study of transportation costs will be facilitated by this closer association with carriers' accounts and will bring to the regulation of accounting procedure a clearer picture of the transactions to be recorded in the accounts.

On October 31, 1948, there were 5,037 carriers subject to our prescribed systems of accounts, classified as follows:

| | |
|------------------------------|--------|
| Electric lines..... | 63 |
| Express company..... | 1 |
| Freight forwarders..... | 104 |
| Holding companies..... | 4 |
| Motor carriers..... | 2, 879 |
| Pipe lines..... | 73 |
| Private car lines..... | 550 |
| Sleeping car company..... | 1 |
| Steam railroads—class I..... | 134 |
| Steam railroads—other..... | 859 |
| Stockyards..... | 21 |
| Water lines..... | 348 |
| Total..... | 5, 037 |

REGULATION OF ACCOUNTS

There was a continuation of the policy of adapting the accounting regulations to the changing needs of the carriers and the increased demands of public regulation and public interest, and of keeping the regulations abreast of current accounting theory. During the past year modifications to these ends were technical in nature, but significant to the carriers most concerned. A complete system of accounts was prescribed for those carriers by water which were formerly subject to accounting regulations issued by the United States Maritime Commission, and the system of accounts for class I motor carriers of property was completely revised and reissued.

Several special investigations were made by the Bureau including matters relating to a major railroad reorganization and income tax accounting procedures. On recommendations by the Bureau we ruled on 12 cases in which the accounting regulations seemed to conflict or to require clarification, and approved 11 applications for special authority to destroy records which the regulations otherwise would require carriers to preserve. Supervision of depreciation accrual practices by carriers was continued, in the course of which 89 orders were issued during the year prescribing or modifying depreciation rates.

The limited number of accountants assigned to the Bureau cannot audit the accounts of all carriers in detail every year, but the staff available for that purpose visits the carriers, as frequently as the work load will permit, to determine that the regulations are being observed and to require correction where departures from their provisions are noted. To this end the accounts of the various types of carriers, other than motor, were inspected and reported upon, as follows:

| | <i>Number of investigations</i> |
|---------------------------|-------------------------------------|
| Steam railroads..... | 451 |
| Water lines..... | 127 |
| Pipe lines..... | 51 |
| Electric lines..... | 35 |
| Freight forwarders..... | 35 |
| Stockyards..... | 16 |
| Express company..... | 1 |
| Sleeping car company..... | 1 |
| Total..... | 717 |

MOTOR CARRIER ACCOUNTS

Regulations covering accounts and accounting procedure, preservation of records, issuance of passes, and the forms for periodical reports of motor carriers subject to part II of the Interstate Com-

merce Act are formulated and administered by the Bureau through its Section of Motor Carriers. While certain regulatory features of all carrier accounts are coordinated, it has been found expedient to continue the basic motor-carrier work in a separate section because of special problems relating to this branch of the transportation industry. As previously reported, accounting and reporting requirements have been prescribed only for the class I motor carriers, i. e., those having average gross operating revenues from motor carrier operations of \$100,000 or more annually.

Quarterly and annual reports filed by motor carriers in response to our orders are given a detailed examination in order to detect any omissions and inconsistencies in the preparation of such reports, and any improper accounting practices that may be revealed by the reports. The following table shows the number of quarterly and annual reports received and examined during the year:

| Kind of report | 1948 | |
|--|----------|----------|
| | Received | Examined |
| Quarterly reports—passenger..... | 1, 415 | 1, 406 |
| Quarterly reports—property..... | 9, 210 | 8, 839 |
| Annual reports—property and passenger..... | 2, 578 | 2, 298 |

Our accountants examined the accounts and records of 698 class I motor carriers, which were informed of changes necessary to conform to our requirements. These examinations demonstrated the need for more frequent and more intensive field examinations than have heretofore been possible.

A study of the depreciation practices of class I motor carriers was continued to determine whether rates of depreciation should be prescribed by order. Other duties performed during the year include the preparation of financial and statistical exhibits and other data for introduction in rate cases. Also included were the examinations of the accounts and records of motor carriers for the purpose of obtaining evidence of alleged violations of the act and our regulations. Such examinations were made for the use of the Section of Law and Enforcement in the Bureau of Motor Carriers.

The section continues to investigate and to make recommendations as to the accounting and financial features of all transactions between motor carriers, regardless of their size or type of service, which involved reorganization, mergers, consolidations, purchases, acquisition of and change in control, security issues, and transfer of operating rights. During the past year this required the examination of accounting and financial matters in connection with 2,367 such transactions; the

preparation of 101 accounting and financial analyses for use in conducting formal hearings thereon; the review of accounting and financial matters in 344 related final reports and orders; and the review, correction, and final approval of 312 journal entries required by those orders.

COST FINDING SECTION

The work of preparing studies for introduction in proceedings before the Commission and of analyzing cost data introduced by others was at a peak during the past fiscal year. Included in such work was the preparation of nation-wide studies of rail and motor carrier less-than-carload and less-than-truckload traffic flow and rate structure; the revision and publication of cost formulas for rail, motor, and water transportation; and the preparation of special studies of the economic characteristics of transportation costs as they relate to rate making.

During the year the cost section furnished analyses and reports in 26 proceedings involving costs. Among the more important of these were the investigation of the charges on small shipments handled by railroads and motor carriers and the investigation of the pick-up and delivery services performed by railroads and motor carriers. These studies, which entailed the planning and execution of nation-wide analyses of rail and motor-carrier costs and traffic flow were among the most exhaustive ever made by our staff. In addition cost data were furnished to the Suspension Board for use in connection with proposed changes in rail and motor rates. Figures were furnished for 19 separate petitions involving motor-carrier rates and 3 petitions involving rail-carrier rates.

The program of compiling and publishing current territorial rail carload cost scales showing the out-of-pocket and fully distributed costs by classes of equipment, length of haul, and weight of load, was brought close to completion. Such studies will bring up to date the nation-wide railroad cost scales previously published in Senate Document 63, 78th Congress, 1st Session, entitled "Rail Freight Service Costs in the Various Rate Territories of the United States."

Substantial progress was also made on the program of providing nation-wide motor carrier (freight) cost studies which will be available for use in a wide range of proceedings and investigations. The studies for the middle Atlantic territory were completed and published during the fiscal year, while all field work was completed for the pending studies in the central territory. These studies follow those previously made in the New England, southern, and western trunk-line rate territories. The trucking industry itself is conducting spot studies in the remaining territories in the West, using procedures and formulas developed by the Cost Section.

Much progress has also been made in the direction of standardizing, simplifying, and explaining the cost-finding procedures to the end of making costs increasingly useful in regulatory work.

BUREAU OF FINANCE

Certificates of convenience and necessity, acquisition of control, et cetera.—During the year ended October 31, 1948, 65 applications were filed for permission to abandon about 781 miles of railroad, and 503 miles of operations under trackage rights. The proceedings, in which we rendered 57 decisions, involved the proposed abandonment of about 660 miles of railroad, and 247 miles of operations. In 34 of those proceedings, involving 295 miles of railroad and 230 miles of operation, no protests or objections were filed by shippers or public authorities. Protests were filed, and hearings held, in 22 cases, involving 413 miles of track and 18 miles of operation. Of the applications protested, we denied 5, involving 47 miles of lines and a 1-mile ferry, and authorized the abandonment of the remaining 365 miles of lines and the 18 miles of operation. We granted 7 applications involving 58 miles of main lines for which substitute lines were built, 33 applications, involving 397 miles of branch lines of class I carriers, 216 miles of trackage rights, and 204 miles of so-called short lines. Of the short-line mileage, 163 miles were abandonments as to interstate and foreign commerce of the entire lines of the applicants, and 41 were portions of such lines. In proceedings in which certificates were issued, covering 530 miles of road, the estimates of average annual losses from continued operations or of future annual savings resulting from abandonment amounted to approximately \$585,059. In proceedings covering the remaining mileage, estimates of losses or savings were not given. Mileage and losses in abandonments of lines on which no service has been rendered in recent years because of the absence of traffic have not been included.

It has been shown in certain cases that the necessary cost of rehabilitation or of bringing up deferred maintenance of tracks which were permitted to be abandoned, aggregating about 390 miles, would require an expenditure estimated at \$2,268,627. Since this amount would necessarily be expended in order to continue operation, abandonment would result in a saving which to that extent with reasonable accuracy can be estimated in advance.

Corresponding data are given in our reports beginning with the report for 1934.

In our last report, on page 71, we referred to the proceedings involving the merger of the Pere Marquette Railway Company properties into those of the Chesapeake & Ohio Railway Company. In *Schwabacher v. United States* 334 U. S. 182, the United States Supreme

Court reversed the judgment of the District Court of the United States for the Eastern District of Virginia and remanded the case for our reconsideration under the principles expressed in its opinion. Briefly, the Court held that we are charged with the duty of determining the rights of the dissenting stockholders, and that such stockholders are not entitled to recourse to the State courts for a determination of their rights under State laws. We have reopened the proceeding and extended the parties an opportunity to file briefs and reply briefs upon the question of the justness and reasonableness of the terms of exchange of securities under the merger agreement.

Since our last report, we denied the request of the Chesapeake & Ohio Railway Company for modification of the trust agreement of June 14, 1945, to exclude New York Central stock from the deposit requirements of that agreement, and the applications of Robert R. Young and Robert J. Bowman to serve as directors of the New York Central while continuing to hold those positions with the Chesapeake & Ohio. See *Chesapeake & Ohio Ry. Co. Purchase*, 271 I. C. C. 5.

By our report and order in *Chicago, B. & Q. R. Co., Control*, 271 I. C. C. 63, we denied the application of that carrier and the Atchison, Topeka & Santa Fe Railway Company for approval of a plan, the primary purpose of which was to permit the Santa Fe to extend its operations from Kansas City into St. Louis, Mo.

In appendix D we have listed the certificates issued, authorizations granted, and pertinent data with respect to proceedings involving the abandonment, construction, and acquisition and operation of lines of railroads under section 1 (18) of the Interstate Commerce Act, and also consolidation and mergers of carriers, purchases, leases, and contracts to operate properties of carriers by other carriers, acquisition of control through ownership of stock, or otherwise, of carriers by other carriers, or by persons not carriers, and acquisition by carriers of trackage rights over, or joint ownership or use of, railroad lines and terminals of other carriers, under section 5 (2) of the Interstate Commerce Act.

In 12 cases we authorized transfers of certificates of water carriers under section 312.

Controlling persons.—During the year, we held that two noncarrier corporations and four individuals, each of which controlled a common carrier and proposed to acquire control of an additional carrier were subject to our jurisdiction under section 5 (2), (3), and (4), and authorized them to acquire control of additional carriers. See Finance Docket No. 16108, *Alton S. R. Purchase, Etc.* and Finance Docket No. 16127, *Point Comfort & N. Ry. Co. Stock & Control*,

involving control by the Aluminum Company of America, and Finance Docket No. 15808, *Arnold Transit Company et al. Purchase, Etc.*, involving control by United Terminal Piers, Inc. The other proceedings involved acquisition of control of water carriers by individuals. See Finance Docket No. 15970, *Arrow, Tug & Barge Co., Transfer and Control*; Finance Docket No. 15987, *Burns Steamship Company et al. Purchase, Etc.*; and 15832, *Greene Line Steamers Inc., Lease*. In the foregoing proceedings we did not deem it necessary to subject the controlling corporations or persons to the provisions of the act, which relate to report, accounts, et cetera, except in the case of United Terminal Piers, Inc., which we held to be a carrier subject to the provisions of section 313 of the act. In several of the remaining cases we provided for the filing of such special reports as we may hereafter require.

Railway employees.—The procedures for the imposition of conditions for the protection of employees who may be affected by transactions authorized under section 5 (2) and in proceedings involving abandonment of lines of railroad, as explained in our 1946 annual report, have been followed during the past year.

Interlocking directorates.—During the period covered by this report, we received 201 applications from individuals, and 2 from carriers. Disposition was made of 202 applications, of which 195 were granted, 2 denied, and 5 withdrawn.

Issuance of securities and assumption of obligation.—During the year we authorized, under the provisions of sections 20a and 214, the issue of securities for refunding maturing obligations, for refinancing other unmatured securities bearing higher rates of interest, for new money to be used for various corporate purposes, and for the purpose of effecting mergers and reorganizations.

The assumption of obligation and liability in respect of the securities of others, consisting largely of equipment-trust certificates and the securities of subsidiaries, has been authorized. Several hearings have been held in respect of the various issues and assumptions. A statement of the amount of securities involved and the purposes to which they applied will be found in appendix D.

In our three preceding annual reports we discussed the matter of the sale of railroad securities under the provisions of our report *In re Competitive Bidding in Sale of Securities*, 257 I. C. C. 129, and filing of special applications for exemption from the competitive bidding requirement. During the past year no applications were filed requesting exemption from the competitive bidding requirement either by separate applications or by being included as a part of an applica-

tion under section 20a. The table included in appendix D shows the results of all bond sales under competitive bidding during the past year together with certain pertinent data. The principal amount of such bond sales was \$85,070,000, and in addition \$419,740,360 of equipment obligations were sold in this manner.

The efforts which the several railroads have made to replenish their equipment requirements for both motive power and cars are reflected in the large amounts of securities shown in appendix D as having being issued for the acquisition of equipment.

BUREAU OF FORMAL CASES

The last two annual reports have commented on the Administrative Procedure Act, and the fact that 37 examiners from this Bureau conditionally were designated hearing examiners pending their further qualification in accordance with regulations of the Civil Service Commission. At this writing the latter commission has not yet announced its findings respecting these conditionally designated hearing examiners.

The formal complaints filed numbered 246, of which 224 were original complaints and 22 subnumbers, a decrease of 23 as compared with the previous period. We decided 314 cases, and 77 have been dismissed by stipulation or on complainants' request, making a total of 391 cases disposed of, as compared with 377 during the previous period.

Approximately 36 formal and investigation and suspension cases have been reopened for further hearing and reconsideration.

We conducted 431 hearings and took approximately 79,904 pages of testimony, as compared with 452 hearings and 81,684 pages of testimony, during the previous period.

The following statement shows certain facts with respect to the condition of the docket as of October 31 of the years indicated:

| | 1945 | 1946 | 1947 | 1948 |
|---|------|------|------|------|
| Formal complaints filed..... | 207 | 225 | 224 | 224 |
| Subnumbers..... | 27 | 36 | 45 | 22 |
| Investigation and suspension cases instituted..... | 41 | 70 | 99 | 71 |
| Cases under submission at end of period: | | | | |
| Regular docket..... | 49 | 35 | 61 | 33 |
| Shortened procedure..... | 11 | 25 | 14 | 13 |
| Cases disposed of, including subnumbers and reopened cases..... | 332 | 263 | 414 | 441 |
| Number of cases pending..... | 396 | 458 | 540 | 489 |
| Additional proceedings disposed of by formal reports: | | | | |
| Fourth-section applications..... | 25 | 13 | 26 | 42 |
| Ex parte proceedings..... | 19 | 15 | 13 | 12 |
| Railway Labor Act (Electric Railway dockets)..... | 3 | 0 | 1 | 0 |
| Water-carrier applications..... | 31 | 28 | 46 | 33 |
| Freight-forwarder applications..... | 15 | 5 | 7 | 6 |

SHORTENED AND MODIFIED PROCEDURE

Approximately 43 percent of the total number of formal complaints are now handled by the shortened and modified procedure methods as compared with 31, 34, and 31 percent during the three preceding years. In the cases so handled and decided during this year, the average elapsed time to reach a decision was 332 days from the receipt of complaint and 189 days from receipt of the final memorandum. The corresponding periods during the three preceding years were 362 and 216 days, 332 and 198 days, and 414 and 260 days, respectively.

BUREAU OF INFORMAL CASES

The number of informal complaints filed under parts I, III, and IV of the act was 1,496, an increase of 45, as compared with the previous year. Rail carriers filed 1,848 special docket applications for authority to refund amounts collected under the published tariffs and admitted by them to have been unreasonable, an increase of 96. Orders authorizing refunds were entered in 1,645 cases, an increase of 251, and reparation thereunder was awarded in the sum of \$1,230,069.97. In addition, 273 cases were dismissed or disposed of without orders. Some of the orders entered on the special docket covered complaints originally submitted on the formal docket, thus obviating the expense of formal procedure. The Bureau also received approximately 11,000 letters, many of which had the characteristics of informal complaints although not classified as such, an increase of approximately 600 letters over the prior year.

During the year the following orders were issued:

Order of March 22, 1948, entitled "Petition of rail carriers operating from United States Lake Superior ports and from west-bank Lake Michigan ports to adjust charges on ex-lake interstate carload shipments of anthracite and bituminous coal originating at the mines during the period October 13, 1947, to January 4, 1948, both dates inclusive."

Order of May 28, 1948, entitled "Ex-lake grain, in bulk, moving during the period October 13, 1947, to April 19, 1948, both dates inclusive, from Buffalo, Black Rock, Buffalo Lake, East Buffalo and Oswego, N. Y., and Erie, Pa., to various destinations."

Order of July 15, 1948, entitled "Petition of rail carriers operating in the western district for authority to make reparation payments and to waive collection of undercharges in connection with percentage increases in basic rates under Ex Parte No. 166."

Order of August 27, 1948, entitled "Petition of rail carriers operating in the southern district for authority to make reparation payments

and to waive collection of undercharges in connection with percentage increases in basic rates under Ex Parte No. 166."

Order of September 17, 1948, entitled "Petition of rail carriers operating in southern and western districts for authority to make reparation payments and to waive collection of undercharges in connection with percentage increases in basic rates under Ex Parte No. 166."

These orders, general in character, directed the carriers to make reparation on shipments covered thereby. It is estimated that had the usual special docket procedure been followed, the Commission would have had presented to it at least 1,000 additional applications. These orders, therefore, resulted in considerable savings in time and money to shippers and carriers, as well as to the Commission.

The Bureau assists interested parties in adjusting their rate and other transportation difficulties through the medium of informal conferences and by correspondence. Efforts are made to have complainants and defendants in appropriate cases submit their problems for handling through this inexpensive informal procedure. Litigants should avail themselves of this method of procedure wherever practicable with the view to saving time, effort, and expense.

BUREAU OF INQUIRY

The Bureau of Inquiry was engaged principally in enforcement of the criminal and penal provisions of parts I, III, and IV of the Interstate Commerce Act and related statutes. In addition, several of the attorneys and special agents were assigned to the investigation and hearing of a number of formal docket cases, adjunctive to their normal activities. Investigations pertaining to practitioners and other matters necessitating field work were undertaken during the year by the special agents of the Bureau.

Approximately 125 investigations of alleged statutory offenses, in addition to investigations in formal docket proceedings and other matters, were conducted during the year.

A number of cases involving false billing of various commodities were handled, and four of these were concluded, with fines totaling \$9,750 being imposed on defendants. Six individuals were involved in one case brought in the northern district of Alabama for falsely describing airplane landing mats as scrap. As to four of the individuals, indictments were *nolle prossed*, while pleas of *nolo contendere* were entered by the remaining defendants and fines of \$1,750 and \$4,000, imposed. In the northern district of New York a similar case involving airplane engines was concluded against two defendants, and fines of \$2,000 and \$1,000 were imposed after pleas of guilty were entered. An investigation of a shipper in St. Louis, Mo., disclosed that shipments of rope had been falsely described as old rope suitable

only for conversion into fiber. Indictment against the carrier involved in these transactions is pending in the eastern district of Missouri.

Two informations were filed against rail carriers for violations of the act through falsification of records. In one case the carrier was charged with falsification of demurrage records, thereby granting and giving concessions to a shipper of cement. A fine of \$5,000 was imposed, after defendant had entered a plea of *nolo contendere*. Another case of falsifying records relating to livestock shipments was instituted against a carrier in Illinois. This carrier was fined \$2,500. An indictment was returned in the eastern district of Tennessee recently charging the former auditor of a rail carrier with falsifying accounts and annual reports. This matter is set for further court proceeding at a later date.

Investigations conducted by this Bureau, with respect to several shippers and carriers engaging in the practice of unlawfully handling order-notify shipments, resulted in prosecution of four shippers and two rail carriers. Three individuals, who had solicited concessions by obtaining delivery of advise shipments, were fined \$1,000 each, in the District Court for the Eastern District of Louisiana. These cases had been pending for several years and were disposed of early this year. Another case, involving a consignee at Winona, Minn., resulted in prosecution of the shipper and two rail carriers. The carriers in this instance permitted shipments to be delivered without surrender of order bills of lading. Fines of \$1,000 on each of the carriers involved, and \$2,000 on the shipper, were imposed by the court.

As a result of an extensive investigation conducted in Illinois, Iowa, and Wisconsin, relating to the pick-up provisions of livestock tariffs published pursuant to the Commission's order of May 4, 1942, in No. 28216, 251 I. C. C. 549, two complaints were filed in the northern district of Iowa against rail carriers. Penalties in the amount of \$5,000 against one carrier, and \$10,000 against the other carrier, were assessed. As to other violations uncovered by this investigation, informations were filed against four carriers and a large shipper of livestock. Three of these cases have been disposed of, while two cases are pending in the southern district of Iowa against the shipper and one of the carriers. Informations filed against two of the carriers for failing strictly to observe their tariffs in the handling of livestock, whereby concessions were granted to shippers, resulted in the imposition of fines of \$2,000 against each of the railroads involved.

In the demurrage field, our investigations disclosed several types of violations. A shipper in Nevada was prosecuted for soliciting and accepting concessions from a railroad company for failure to pay applicable demurrage charges on shipments of cement. This action

resulted in a plea of *nolo contendere* by the shipper, whereupon a fine of \$5,000 was imposed. For failure to observe demurrage tariffs, in that it neglected to furnish to a consignee constructive placement notices, a railroad was fined \$2,000 in the District of Columbia, after it had entered a similar plea to an information charging it with these violations. Two other cases against carriers in the southern districts of Iowa and Illinois are pending, one for failure strictly to observe published demurrage tariffs, and another for failure to collect demurrage charges.

An investigation of the practices of a carrier in New York City, who knowingly failed to collect storage charges due on carload freight stored on piers, disclosed a number of violations. For having granted concessions to a shipper through the continuation of this practice, an information was filed against the carrier, to which a plea of guilty was entered and fine of \$2,000 imposed.

During the year an investigation was conducted to determine whether a shipper, who had been prosecuted several years ago, was continuing to violate the provisions of transit tariffs. It was found that such unlawful practices were still being engaged in with respect to shipments of flour and feed, and an information was filed in the District Court for the Eastern District of Virginia, against the shipper for soliciting, accepting, and receiving concessions, to which a plea of guilty was entered. A fine of \$10,000 was imposed.

Investigations in Little Rock, Ark., uncovered the unique device, employed by two railroad companies, of granting concessions to two warehouse companies by paying unpublished allowances on certain outbound less-than-carload shipments of merchandise loaded into trap cars at the warehouses. Informations were filed against each of the carriers, in the eastern district of Arkansas. Pleas of *nolo contendere* were entered and a fine of \$1,000 was imposed on each defendant.

A case involving the unlawful extension of credit by a railroad, at Milwaukee, Wis., to a shipper of coal, in respect of the payment of freight charges, was instituted in the eastern district of Wisconsin. The carrier, being charged with the granting of concessions through the use of this device, entered a plea of guilty and was fined \$1,000.

Two individuals who had unlawfully used a railroad pass for the purpose of securing free transportation were fined \$250 each in the northern district of California, after they had entered pleas of guilty to the offenses.

An extensive field investigation was concluded in Florida by the Bureau during the year relating to the alleged practices of a number of shippers of fresh vegetables of failing to declare the full amount

of top ice which they placed in the cars, thereby avoiding payment of the published tariff charges applicable thereto. The investigation involved many shippers who allegedly had engaged in this practice, thereby circumventing the provisions of the tariff, which resulted in a defeat of the lawful tariff charges and discrimination against those shippers who had declared the full amount of top ice and paid the tariff charges therefor. Indictments presented against 11 individuals and corporations in the southern district of Florida were returned by the grand jury.

The Bureau was also engaged in an investigation of coach and pullman reservation practices by railroads in many of the large cities throughout the country. The investigation resulted from complaints by individuals of black-market activities in this field. Hearings have been scheduled in this proceeding, Docket No. 30031, at Chicago, Ill., New York, N. Y., Miami, Fla., and Los Angeles, Calif.

The Bureau conducted a number of investigations relating to compliance with service orders issued by the Commission under the provisions of section 1 (15) of the act. Numerous violations by railroads of Agent Taylor's Order No. 413 (issued under authority of Commission Service Order No. 95) were found by our special agents. This order authorized an agent of the Commission to issue the order, prohibiting transportation of Standard "RS" type refrigerator cars loaded with empty beer containers without permit. Of a total of 19 penalty suits instituted for violations of this order, 10 were concluded and reported in our last report. The remaining nine suits were disposed of with penalties, totaling \$6,700, having been assessed against railroads in various parts of the country.

In the district of Minnesota at Minneapolis, eight penalty suits were disposed of against railroads for violations of the provisions of Second Revised Service Order No. 244 in the furnishing of railway cars to shippers for loading of grain at Minneapolis. Judgment in the amount of \$1,000, and costs, against each of the defendants was entered in the disposition of these suits.

For violations of Service Order No. 422 at Norfolk, Va., which provided for the prompt unloading of boxcars, penalty suit was instituted in the District of Columbia against a railroad. This carrier was one of three against which suits had been brought for similar violations, the other two suits having been disposed of previously. Defendant in this suit confessed judgment and penalty of \$1,000 was assessed.

Another suit, instituted in the northern district of Ohio, related to violations of Service Order No. 436, which required that refrigerator cars, after unloading, be removed without delay and forwarded to

perishable loading points within 24 hours. The carrier against which this suit was brought was penalized in the amount of \$1,000 for violations of this order.

An investigation as to compliance with Service Order No. 623, providing for the prompt unloading of a specified number of cars at Chicago, Ill., containing less-than-carload freight, disclosed that the cars enumerated had been on hand an unreasonable length of time. Penalty suit, accordingly, was instituted against the railroad, which confessed judgment, and a penalty in the amount of \$800 was imposed for the violation of this order.

Investigations as to compliance, by several railroads, with Service Order No. 648 were completed during the year. This order was issued to give priority to loading of grain intended for the foreign relief program and forbade other transportation from specified territories, except under special permit. Five penalty suits, instituted against railroads for violations of this order, were concluded with payment of penalties totaling \$2,300.

With respect to violations of Agent Kendall's Order No. 11, issued under authority of the Commission's Service Order No. 534, and providing for the delivery of a specified number of empty cars for loading to a connecting carrier, suit was instituted in the northern district of Illinois against a carrier for noncompliance with the order. In the same district penalty suit was filed against another carrier for violations of Service Order No. 670, which was issued for the purpose of facilitating the unloading of 20 specified cars enumerated in the order.

Prosecutions were instituted against 11 carriers for failure to comply with our regulations governing the transportation of explosives and other dangerous articles. The violations included the handling of cars placarded "explosives" next to a locomotive in yard service, cutting off of similarly placarded cars while in motion and permitting them to run on their own momentum into occupied tracks, failure to give notice to train crews of such placarded cars in trains, placing of placarded cars too near to the front or rear end of trains, placing of placarded cars next to cars placarded "dangerous," placing of placarded tank cars too close to the front end of a train, and failure to stamp or write the word "explosives" on the envelope containing a waybill covering a shipment of explosives. Five of those cases and four cases previously instituted were concluded with the payment of fines totaling \$1,900. Two cases are pending.

During the year, 4 attorneys were assigned to represent the Commission in 16 of its formal docket cases.

For violations of the Interstate Commerce Act and related statutes 14 indictments were returned and 22 informations and 10 complaints

were filed. Fifty-eight cases were concluded in the district courts, which resulted in the imposition of fines and penalties totaling \$87,450, all of which were paid.

Prosecutions instituted and concluded had their venue in the District of Columbia and in the following States: Alabama, Arkansas, California, Florida, Illinois, Iowa, Kansas, Louisiana, Maryland, Minnesota, Missouri, Nebraska, Nevada, New York, North Dakota, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, and Wisconsin.

A summary (a) of indictments returned and informations and complaints filed in the United States District Courts, and (b) of cases concluded in those courts is set forth in appendix A.

BUREAU OF LAW

On October 31, 1947, there were pending in the courts 30 cases involving our orders or requirements. During the year, 32 cases were instituted and 28 were concluded, leaving 34 cases now pending. Of these, 4 are in the Supreme Court of the United States, 1 is in the Circuit Court of Appeals, Seventh Circuit, 1 is in a State court, and 28 are in the district courts of the United States.

Six cases were submitted and decided in the Supreme Court, 1 was concluded in a State court and 21 were concluded in the district courts.

Summaries of all the foregoing cases are shown in Appendix B.

The cases decided by the Supreme Court were:

Morris v. McComb, 332 U. S. 422.

This case involved our jurisdiction over qualifications and maximum hours of service with respect to drivers and mechanics under section 204 of part II of the Interstate Commerce Act.

In an opinion by Mr. Justice Burton, decided November 17, 1947, the Court held that the Interstate Commerce Commission has power, under section 204, to establish maximum hours of service with respect to drivers and mechanics employed full time by common carriers by motor vehicle, when services rendered by such employees in interstate commerce constitute 3 to 4 percent of carrier's total services and performance of such services by employees is mingled with their performance of other like services not in interstate commerce, and that the overtime requirements of section 7 of the Fair Labor Standards Act therefore do not apply to such employees in view of the motor-carrier exemption of section 13 (b) (1) of that act. The Court said it is the nature of the work engaged in rather than the amount of time spent in the work which governed, and that Congress has expressly authorized "the Commission, and not the courts, to decide when the case is an appropriate one for such a general exemption." We filed a brief *amicus curiae* in this case at the invitation of the Court.

Dissents were filed by Mr. Justice Rutledge, and another by Mr. Justice Murphy with whom Justices Black and Douglas concurred.

United States v. Baltimore & O. R. Co., 333 U. S. 169; *United States v. Cleveland Union Stock Yards Company*, 333 U. S. 169 (consolidated).

In this case the Supreme Court reversed the lower court (71 Fed. Supp. 499) and sustained our report and order of May 3, 1946, Docket No. 28714, *Swift & Co. v. Baltimore & O. R. Co.*, 266 I. C. C. 55, wherein we held that the refusal of defendant railroads to deliver to the sidetrack of Swift & Company at Cleveland, Ohio, livestock consigned thereto, while furnishing cars for the movement of other classes of traffic to Swift's competitors was found to be unduly prejudicial and preferential in violation of section 3 (1), an unreasonable and unlawful practice in violation of section 1 (6), and in violation of section 1 (9) of the Interstate Commerce Act. The Court stated the question before it as follows:

Can the non-carrier owner of a segment of railroad track who contracts for an interstate railroad's use of the segment as part of its line reserve a right to regulate the type of commodities that the railroad may transport over the segment, or would such a reservation be invalid under the Interstate Commerce Act?

In its decision the Supreme Court said:

The Interstate Commerce Act is one of the most comprehensive regulatory plans that Congress has ever undertaken. The first Act, and all amendments to it, have aimed at wiping out discriminations of all types, *New York v. United States*, 331 U. S. 284, 296, and language of the broadest scope has been used to accomplish all the purposes of the Act. *United States v. Pennsylvania R. Co.*, 323 U. S. 612, 616. It would be strange had this legislation left a way open whereby carriers could engage in discriminations merely by entering into contracts for the use of trackage. In fact this Court has long recognized that the purpose of Congress to prevent certain types of discriminations and prejudicial practices could not be frustrated by contracts, even though the contracts were executed before enactment of the legislation.

After setting out the language of section 1 defining "railroad" and "transportation," the Court said:

it is also true that these definitions by their unambiguous language, make all trackage "in use by any common carrier" subject to the regulatory provisions of the Act, even though not owned by the carrier, but only used by it under a contract or agreement. Thus Track 1619, though owned by Stock Yards, was subject to the Act because of its use by the New York Central under trackage agreements.

It is just as prejudicial to shippers and the public for a railroad that uses a portion of track under lease or contract to discriminate, as it is for the discrimination to be inflicted by a railroad that owns its entire track. Practically the only argument suggested to justify discriminatory practices under the circumstances here is that an owner has a right to let others use his land subject to whatsoever conditions the owner chooses to impose. It is even argued that to construe the Interstate Commerce Act as limiting that right would result in depriving an

owner of his property without due process of law. But no such broad generalization can be accepted. Property can be used even by its owner only in accordance with law, and conditions its owner places on its use by another are subject to like limitations. Of course it does not deprive an owner of his property without due process of law to deny him the right to enforce conditions upon its use which conflict with the power of Congress to regulate railroads so as to secure equality of treatment of those whom the railroads serve.

Whether the Stock Yards Company could cancel its contract with the New York Central and what would be the duty of the New York Central should Stock Yards attempt to terminate the railroad's right to use Track 1619, were left open by the Court. In a footnote at page 171, the Court held that it was appropriate for the Commission to make the Stock Yards Company (a noncarrier) a defendant under section 2 of the Elkins Act.

Mr. Justice Burton dissented.

Schwabacher v. United States, 334 U. S. 182.

This case, decided by the Supreme Court May 3, 1948, involved the merger of the Chesapeake & Ohio Railway Company and the Pere Marquette Railway Company and deals with rights of dissenting stockholders in railroad mergers under section 5 of the Interstate Commerce Act. The Pere Marquette is incorporated under the laws of Michigan while the Chesapeake & Ohio is chartered by Virginia. The dissenting Pere Marquette stockholders contended that the Commission was bound to determine, recognize, and protect their full liquidation rights under Michigan law. The Commission had disclaimed this jurisdiction leaving such issues to be determined by appropriate litigation in the State courts.

The important holdings of the Supreme Court may be summarized as follows:

1. Neither the Supreme Court nor the Commission can make a plenary and exclusive decision as to what the law of a State may be.

2. The Federal question is whether the Interstate Commerce Act accords recognition to State law rights, if any exist. By a review of the history of section 5 the Court concludes that the Commission fulfils its duty when it finds (a) that the merger is consistent with the public interest; (b) that the terms of the merger are just and reasonable; and (c) that a majority of security holders of each class have assented to the terms, and that the State law respecting the required number of assents, if any, has been satisfied.

3. Under section 20 (a), the Commission is required to pass upon all capital liabilities which the merged company will assume or discharge as a result of the merger. The Commission was in error in assuming that it did not have, or was at liberty to renounce or delegate power finally to settle the amount of capital liabilities of the new company, by relegating to the courts the determination of asserted

rights under State law thus making the final capital structure susceptible of variance with that approved by the Commission as compatible with the public interest.

4. On passing upon a voluntary merger the Commission must look for standards only in the Interstate Commerce Act. Whatever rights the Commission is asked to assert must be founded on Federal, not on State, law.

5. Apart from meeting the test of the public interest, the merger terms as to stockholders must be just and reasonable. In appraising a stockholder's position in a merger as to justness and reasonableness, it is not the promise that a charter made to him but the current worth of that promise that governs.

6. Since Federal law contemplates merger as a step in continuing the enterprise, it follows that what Michigan law might give dissenters on liquidation is irrelevant, except insofar as it may be reflected in current values for which they are entitled to an equivalent.

7. Dissenting stockholders in a railroad merger may not compel retirement of their capital.

8. Where stockholders are given what is just and reasonable, the Interstate Commerce Act does not permit State law to impose greater obligations on the financial structure of the merging railroads with the consequent increased calls upon their assets or earning capacity.

The substantive conclusion of the Court is the following language:

We therefore hold that no rights alleged to have been granted to dissenting stockholders by state law provision concerning liquidation survive the merger agreement approved by the requisite number of stockholders and approved by the Commission as just and reasonable. Any such rights are, as a matter of federal law, accorded recognition in the obligation of the Commission not to approve any plan which is not just and reasonable. In making that determination, those rights are to be considered to the extent that they may affect intrinsic or market values. While the Commission has found that what the appellants are given in this plan is just and reasonable, the record indicates that it may have declined to consider these claims, even if they are found to have some effect on the intrinsic value of the stock, because it thought it lacked jurisdiction. Under these circumstances, we cannot be sure that in arriving at its conclusion that the plan was just and reasonable it did not exclude some factors that it should consider under the views set out in this opinion. We therefore reverse the judgment below and remand the case to the Commission for reconsideration under the principles herein expressed.

Mr. Justice Reed took no part in the consideration or decision of this case. Mr. Justice Frankfurter dissented, in which dissent the Chief Justice and Mr. Justice Burton joined.

North Pier Terminal Co. v. Interstate Commerce Commission, 334 U. S. 815.

On May 10, 1948, the Supreme Court denied a petition for writ of certiorari in the above-entitled case, thus declining to review a de-

cision of the Circuit Court of Appeals for the Seventh Circuit (164 Fed. (2d) 640), holding that the allowance of a 4-cent-per-hundred-weight payment made by 20 motor carriers to the Terminal Company, one of the defendants herein, for services in assembling and handling the freight of its tenants, for shipment by respective carriers, constitutes a rebate in violation of section 2 of the act (49 U. S. C. A. sec. 2), that it benefits both the warehouse company and its patrons, and may fairly be said to constitute a device by which the carrier indirectly receives from them a less compensation for services rendered than it demands and receives from other persons for like service in the transportation of like goods under substantially similar circumstances.

Black v. Interstate Commerce Commission, 335 U. S. —.

In this case the Supreme Court on October 11, 1948, denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals for the Fifth Circuit (167 Fed. (2d) 825), wherein that court sustained our construction of a certificate of public convenience and necessity to the effect that a carrier authorized to transport "machinery and machinery parts" did not have the right to transport "automobile parts."

Other decisions of interest in connection with our work were:

Aero Mayflower Transit Co. v. Board of Railroad Commissioners of the State of Montana, 332 U. S. 495.

On December 8, 1947, the Supreme Court (opinion by Mr. Justice Rutledge) held that the Commerce Clause of the Federal Constitution does not prohibit the State of Montana from imposing a flat or straight tax, and a minimum flat tax, under statute providing for percentage tax on gross receipts and specifying minimum, on interstate motor carriers, levied "in consideration of the use" of the State's highways, even though the proceeds of such taxes are put into the general funds of the State and not allocated exclusively to highway use. The gross receipts' tax, as applied, was held to be in effect a flat tax since the carrier only paid minimum flat fee under the State statute and did not pay tax based on gross receipts; therefore the constitutionality of the gross receipts tax was not in issue.

In *Biltchik v. Green Bay & Western Railroad Co.*, 332 U. S. 835, the Supreme Court on December 8, 1947, denied petition for writ of certiorari in this case. This was a suit by class B debenture holders of railroad corporation against the company and its directors to recover a balance allegedly due in lieu of interest to plaintiffs under a covenant in the debentures providing that, in lieu of interest, holders of class B debentures shall participate in distribution of annual net income only to the extent that so much of the annual net earnings in any year as would be applicable to payment of dividends on stock, shall be applied

first to payments on class A debentures and stock up to 5 percent on each, and any remaining surplus net earnings shall be paid to class B debenture holders. The trial court found that all of the railroad's gross earnings had actually been properly applied, and that all not paid as interest on class A debentures and dividends to stockholders, and as income on class B debentures, had actually been consumed in operating expenses and maintenance of physical properties. The Supreme Court of Wisconsin (250 Wis. 177) affirmed the judgment of dismissal, holding that payment on class B debentures is discretionary with the directors who are under the duty of keeping the railroad in proper operation, to pay expenses of such operation, and to maintain its physical property in condition requisite for such operation; therefore, they may retain net earnings of any year, after class A debenture holders and stockholders have been paid, to apply to betterments, if in their reasonable judgment proper management so requires. The petition for the writ contended: (1) Under covenant contained in debentures, the railroad company was required to pay in lieu of interest on class B debentures its undistributed earnings in each year as shown in its reports to the Interstate Commerce Commission; (2) The Wisconsin Supreme Court has in effect created new and different security from one purchased for value by class B debenture holders throughout the United States, for one which is repugnant to and conflicts with statutes and public policy of the United States, and (3) the lower court's decision deprived petitioners of their property without due process of law. By denying certiorari, the Court declined to disturb the holdings of the lower court.

Comstock v. Group of Institutional Investors, 335 U. S. 211.

This case, decided by the Supreme Court on June 21, 1948, grew out of the joint reorganization of the Missouri Pacific Railroad Company and affiliated railroad corporations under section 77 of the Bankruptcy Act. It involves a claim of \$10,565,226.78 filed by the Missouri Pacific against one of its subsidiaries, which was also undergoing reorganization.

When a second plan of reorganization, approved by the Commission, was before the United States District Court for the Eastern District of Missouri, Comstock then in 1944 made objection to allowance of the claim which, the Court said, during the 10 years of proceedings, had been unchallenged. He claimed that the Missouri Pacific had not administered the affairs of the subsidiary, the New Orleans, Texas & Mexico Railway Company, in good faith to the advantage of that company, and had in other ways exercised its dominant power to the disadvantage of the N. O., T. & M.

The Supreme Court first held that the concurrent findings of the two lower courts are final in the absence of very exceptional showing of error. The Court pointed out that Comstock bought the securities he now holds at about 10 cents on the dollar and nearly 7 years after the misconduct had ended. The Court said: "It is apparent that Comstock bought a grievance to exploit and to reap the advantage of its rectification." Although declaring the delay in asserting these claims was unusual, the Supreme Court said that the lower court was right in entertaining on its merits Comstock's objections to the plan, in view of the amount and position of the claim involved.

The Court also pointed out that the objection had not been raised before the Interstate Commerce Commission in its hearings on the reorganization plan, consequently the courts did not have the benefit of the Commission's informed judgment on the matter. While it stated that "To by-pass the Commission and make the court the original forum for such contentions is not to be encouraged," the circumstances of this case warranted the lower courts in considering the matter on its merits, despite the fact that it had not been presented to the Commission. The Supreme Court declared that the claim of the Missouri Pacific "was the outgrowth of complicated but legitimate good faith business transactions, neither in design or effect producing injury to the petitioner or the interests for which he speaks."

The opinion of the Supreme Court continues:

Special emphasis has been placed on the fact that under control of the Missouri Pacific dividends were paid by the subsidiary at a time when it was borrowing money represented by this claim. It is clear from the findings that the dividends were paid out of current earnings or surplus, and not in violation of law or contract. Only in 1929 did New Orleans earn currently sufficient to pay its dividends. Nevertheless in all three years there was sufficient earned surplus legally to permit dividends. Heavy investments in improvements may require borrowings for dividends; but no law or public policy requires a corporation to finance capital additions out of earnings or to pass dividends because of low current earnings when past earnings are available for dividend purposes. These past earnings may be used to compensate the capital that produced them, and capital additions may be made from funds borrowed or raised by issues of capital securities, so long as the authorizations required in the case of railroads are obtained. No question is raised as to the authority to borrow.

While the contemporaneous borrowing to pay for capital additions, and payment of dividends, is not in itself illegal, it would, of course, come under the ban of the *Taylor* decision if it were carried out in breach of good faith for the advantage of the holding company to the detriment of the subsidiary. But the findings of good faith, fair dealing and freedom from fraud or overreaching cover the dividend policy as well as other questioned transactions. Such being the facts, the allowance of the claim is not error of law.

After quoting the finding of the lower court that the control of Missouri Pacific "was in good faith and with due regard to its obliga-

tions, legal and equitable, to the New Orleans and its security holders," and that its control of the Gulf Coast Lines was "beneficial and advantageous to the New Orleans and the holders and pledgees of its securities," the opinion concludes:

The criticised transactions are thus not only exonerated of evil or illegal intent but are also established as beneficial rather than injurious to the interests which now challenge them. The findings to that effect are entitled to special weight where, as here, they are based on the District Judge's complete familiarity with the case. *Reconstruction Finance Corporation v. Denver & Rio Grande Western R. Co.*, 328 U. S. 495, 533. Affirmed by the Circuit Court of Appeals, they are, under the rule concerning concurrent findings, and on the basis of our grant of certiorari, conclusive in this court.

Disallowance of petitioner's objections on such findings was not error of law. * * *

The judgment of the Circuit Court of Appeals was affirmed.

Mr. Justice Murphy wrote a dissenting opinion, in which Justices Black, Douglas, and Rutledge concurred.

On October 11, 1948, the Supreme Court denied petition for rehearing in this case, 335 U. S. ———.

Francis v. Southern Pacific Co., 333 U. S. 445.

On March 15, 1948, the Supreme Court, speaking through Mr. Justice Douglas, held that an interstate railroad is not liable for ordinary negligence resulting in the death of one of its employees riding as a passenger on a free pass containing a provision that "the user assumes all risk of injury to person or property and of loss of property whether by negligence or otherwise and absolves the issuing company * * * from any liability therefor." The Court held that the Hepburn Act governing free passes and not the State law of Utah prevailed. It also held that in reenacting the free pass provision in the Transportation Act of 1940, Congress legislatively accepted the Supreme Court's ruling exonerating the carrier from liability for ordinary negligence.

Mr. Justice Black wrote a dissent, in which Mr. Justice Murphy and Mr. Justice Rutledge joined.

Phillips v. Baltimore & Ohio R. Co., 332 U. S. 844.

The Supreme Court on December 22, 1947, denied petition for writ of certiorari to review a decision of the District Court for the District of Maryland, holding that the motion of an intervener to vacate for alleged fraud a judgment of a district court approving railroad adjustment plan, filed more than a year after the Supreme Court had denied certiorari, cannot be sustained as a motion for a new trial on the ground of newly discovered evidence, because it was not filed either within 10 days after entry of judgment or before expiration of time for application to the Supreme Court for writ of

certiorari, under rule 59 (b) of the Federal Rules of Civil Procedure.

Seaboard Air Line R. Co. v. Daniel, Attorney General of South Carolina, 333 U. S. 118.

In this case, the Supreme Court on February 16, 1948, in a unanimous opinion by Mr. Justice Black, held that the State of South Carolina may not require a foreign railroad corporation to incorporate under State law before it can own and operate railroad properties in that State, in view of our order authorizing the Seaboard, a Virginia corporation, to operate in South Carolina without complying with its State incorporation law. It was held that the Transportation Act of 1940 reposes in us the power to exempt railroads from State laws which impose conditions on operation of the railroad within the State. While the Court pointed out that the Interstate Commerce Act bars creation of a Federal corporation, it called attention to the fact that the statute clearly authorizes a railroad corporation to exercise powers over and above those bestowed upon it by the State of its creation.

United States v. South Buffalo R. Co., 333 U. S. 771.

The Supreme Court held in this case that the commodities clause of the Interstate Commerce Act, section 1 (8), does not prevent the South Buffalo Railway Company, which is a wholly owned subsidiary of the Bethlehem Steel Corporation, a holding company, from transporting commodities of a producer, the Bethlehem Steel Corporation, which is a subsidiary of the same holding company, so long as the control of the South Buffalo is not so exercised as to make it the *alter ego* of the holding company.

The Court pointed out that following its 1936 decision in the case of *United States v. Elgin, Joliet & Eastern R. Co.*, 298 U. S. 492, the holding company revised its intercorporate relationship to comply, as it was advised, with the conditions under which the Court had found the statute inapplicable to United States Steel. Bethlehem (the Court said) "unquestionably had power to favor its shipping subsidiary at the expense of its carrying subsidiary, or vice versa." The Court concluded under the facts of this case, that mere possession of the power regardless of whether it is exercised or remains dormant, does not make out a violation of the statute. While stating that if the *Elgin* case were before it as a case of first impression, its doctrine might not now be approved by the Court, Mr. Justice Jackson writing for the majority pointed out that in the Commission's 50th annual report, it recommended to Congress, following the decision in the *Elgin* case, 'an amendment to the commodities clause, but that Congress took no action on such recommendation.

The opinion also refers to the fact that in S. 2009, which became the Transportation Act of 1940, Congress considered amending the

commodities clause, but found that to do so would be "far too drastic." Under these circumstances the Court refused to disturb the *Elgin* decision.

The equitable consideration that if the Court refused to follow the *Elgin* precedent, a different and more drastic rule to Bethlehem would apply than applied to its competitor, United States Steel Corporation, was also relied upon. The Court said:

Congress, however, in making a rule for the future, can make one of impartial application to all like situations. Limitations that are traditional upon our powers do seem not to permit us to do so.

Justice Rutledge wrote a dissent in which Justices Black, Douglas, and Murphy joined.

Feinberg v. Railway Express Agency, Inc., 332 U. S. 847.

The Supreme Court on January 5, 1948, denied petition for writ of certiorari to review a decision of the lower court (163 Fed. (2d) 998), holding that a shipper may not recover against the Railway Express Agency for damages in excess of \$50 for loss in transit of a mink coat worth several thousand dollars since shipper was bound by limitation of liability clause in uniform receipt, which was given to her agent and retained without calling to attention of Express Agency the gross inaccuracy in statement of value.

Atlantic States Motor Lines, Inc. v. Commonwealth of Virginia, 332 U. S. 846.

In this case, the Supreme Court of the United States, on January 5, 1948, denied a petition for writ of certiorari to review a decision of the State court (186 Va. 596), sustaining a statute of Virginia requiring interstate truckers who did not purchase enough gasoline in Virginia to cover mileage traveled in that State, to pay charge equal to State gasoline tax on difference between amount of gasoline used to conduct their Virginia operations and the amount actually purchased in Virginia; that such law was not unconstitutional as an unreasonable burden upon or discrimination against interstate commerce; instead it was sustained as a valid "use" tax upon all motor carriers for hire operating over the highways of the State.

Norris & Hirschberg, Inc., v. Securities & Exchange Commission, 333 U. S. 867.

On April 5, 1948, the Supreme Court denied petition for writ of certiorari to review a decision of the Court of Appeals for the District of Columbia, involving an order of the Securities & Exchange Commission revoking the registration of a broker-dealer, wherein the Court of Appeals had earlier remanded the cause to the Commission for defects in certifying the record to the Court. The Commission thereafter filed a corrected copy of the record, and the Court of Appeals

then directed petitioner to proceed upon the merits of the case in the light of the refiled record. By denying certiorari, the Court declined to disturb this holding.

Garland v. United States, 333 U. S. 861.

On March 29, 1948, the Supreme Court denied petition for certiorari to review a decision of the Circuit Court of Appeals (164 Fed. (2d) 487) holding that the evidence supported conviction of petitioner for acting as a transportation broker without holding a license, in violation of section 211 (a) of the Interstate Commerce Act, and further holding that the conviction was not improper on the ground that petitioner's business was not subject to regulation by us, thus overruling petitioner's contention that he acted "merely in the capacity of selling information."

O'Connell v. United States, 333 U. S. 864.

On March 29, 1948, the Supreme Court denied petition for writ of certiorari to review the findings of the Circuit Court of Appeals for the Second Circuit, involving four former New York Central Railroad Company dining-car employees, convicted of conspiring to steal from railroad dining cars operating in interstate commerce. O'Connell was employed as a steward and the other petitioners were waiters in a dining car, and it was charged and found that they had used the same meal checks more than once and served and collected from some passengers without using meal checks, then pocketing the amounts collected from the dining-car patrons. The Circuit Court of Appeals for the Second Circuit held that the evidence was sufficient to prove a single conspiracy of all the accused, and the Supreme Court declined to review this holding.

Swacker v. Pennroad Corp., 333 U. S. 862.

On March 29, 1948, the Supreme Court denied petition for writ of certiorari to review a decision of the Supreme Court of Delaware holding that Frank M. Swacker was entitled to a fee of \$300,000 as the fair value of his services in connection with a stockholder's derivative action on behalf of the Pennroad Corporation, which finally terminated in payment of \$15,000,000 to that company by the Pennsylvania Railroad. Mr. Swacker had asserted a half interest in such fees as might be allowed Daniel O. Hastings in the Pennroad litigation, by reason of an oral agreement entered into in 1937. The lower court held that Mr. Swacker was not entitled to share equally in the attorneys' fees on the theory that they had undertaken a joint venture as cocounsel, since there was on the part of Swacker, a failure of consideration, he having failed to perform one-half of the work involved pursuant to the terms of the agreement. By denying certiorari the Supreme Court declined to disturb this holding.

New York, New Haven & Hartford R. Co. v. Reconstruction Finance Corporation, 334 U. S. 811.

In this case the Supreme Court denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals (164 Fed. (2d) 466), sustaining the action of the lower court in dismissing petition of reorganization trustees for leave to pay off R. F. C. loans with interest at 4 percent instead of at 5 percent on which debtor had borrowed money, even though the trustees allege that they had omitted opportunities to refinance notes at lower rate than 5 percent acting in reliance on letter written by the chairman of the R. F. C. in 1938, and agreeing to accept reduced interest if R. F. C. claims have been fully paid, since the evidence justified an affirmance of the finding of the reorganization court that the trustees' failure to refinance the notes was not induced by the letter of the chairman which they had failed to answer.

Arkansas Oak Flooring Co. v. Louisiana & Arkansas Ry. Co., 334 U. S. 828.

On May 24, 1948, the Supreme Court denied petition for writ of certiorari in this case to review a decision of the Circuit Court of Appeals, reported in 166 Fed. (2d) 98, holding that the cause of action of the railroad for recovery of local rate on rough lumber delivered under lower transit rate, subject to condition that finished product be reshipped within 12 months, accrued upon the shipper's failure to re-ship by the end of the 12-month period, since the provision of the Interstate Commerce Act that cause of action accrues upon delivery of property by carrier is not applicable to shipment delivered under a transit rate.

Federal Trade Commission v. The Cement Institute, 333 U. S. 683.

The Supreme Court, in an opinion by Mr. Justice Black, reversed a decision of the Circuit Court of Appeals for the Seventh Circuit and held valid an order of the Federal Trade Commission finding that the cement industries' multiple basing point pricing system violated section 5 of the Federal Trade Commission Act, prohibiting unfair methods of competition, and section 2 (a) of the Clayton Act.

Chicago & Southern Air Lines, Inc., v. Waterman Steamship Co., 333 U. S. 103.

In this case the Supreme Court held that—

In the regulation of commercial aeronautics, the statute confers on the Board many powers conventional in other carrier regulation under the Congressional commerce power. They are exercised through usual procedures and apply settled standards with only customary administrative finality. Congress evidently thought of the administrative function in terms used by this Court of another of its agencies in exercising interstate commerce power: "Such a body cannot in any proper sense be characterized as an arm or an eye of the executive. Its duties are performed without executive leave and, in the contemplation of the

statute, must be free from executive control." *Humphrey's Executor v. United States*, 295 U. S. 602, 628. Those orders which do not require Presidential approval are subject to judicial review to assure application of the standards Congress has laid down.

This holding is of interest in connection with the discussion in our sixty-first annual report, concerning "the Commission's place in Government," pages 14-22, where it was stated that "there can be no doubt that the independent functioning of the Commission within well-marked limits is now recognized and accepted as an important principle of Government in the field of regulation" (p. 17).

Atlantic Coast Line R. Co. v. McCreedy, 335 U. S. ———.

The Supreme Court on October 11, 1948, denied petition for writ of certiorari to review a decision of a State court, reported in 48 S. E. (2d) 193, holding that, in a suit against the carrier to recover damages resulting from decay in transit of carload shipment of green beans, testimony that ice bunkers were empty at destination and beans were spoiled and worthless constituted such circumstantial evidence of negligence in failing to give standard refrigeration contracted by the shipper, as to warrant submission of the case to the jury; further the evidence substantiated the jury's finding that the railroad negligently failed to provide standard refrigeration as required by the contract.

By denying certiorari the Court declined to disturb these holdings.

Railway Employees' Department of A. F. of L. v. Northern Pacific Ry. Co., Inc., 335 U. S. ———.

On October 11, 1948, the Supreme Court denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals for the Eighth Circuit (168 Fed. (2d) 934), holding that employees of independent railroad contractors furnishing commissary, loading and unloading, car cleaning, and other services to the carrier were not railroad employees under the Carriers' Taxing Act prior to the 1946 amendment thereto, and therefore the carrier was not liable for employment taxes under such act.

Penn v. Chicago & North Western Ry. Co., 335 U. S. ———.

On October 25, 1948, the Supreme Court of the United States entered a *per curiam* order in the case of *Penn v. Chicago & North Western Ry. Co.*, reversing a decision of the Circuit Court of Appeals for the Seventh Circuit, dated November 6, 1947, and reported in 163 Fed. (2d) 995, wherein the lower court had held in an action by a brakeman against the railroad for injuries received after cars were uncoupled, evidence showing that brakeman was unable to operate coupler from improper position on an adjacent car, that he made one or two unsuccessful attempts from the ground to lift the pin, was not sufficient to raise a question for the jury as to whether the coupler

was defective. The Supreme Court reversed this decision on the authority of *Myers v. Reading Company*, 331 U. S. 477.

State of Texas v. Brown; In Re Chicago, Rock Island & Pacific Ry. Co., 335 U. S. —.

On October 25, 1948, the Supreme Court of the United States denied petitions for writs of certiorari in these cases, thus declining to disturb the decision of the Circuit Court of Appeals for the Seventh Circuit, dated June 2, 1948, and reported in 168 Fed. (2d) 587. The lower court had held that the reorganization plan of the Rock Island approved and confirmed under section 77 of the Bankruptcy Act, need not comply with the provisions of section 5 of the Interstate Commerce Act, relating to consolidations and mergers outside the Bankruptcy Act.

BUREAU OF LOCOMOTIVE INSPECTION

The work of this Bureau is shown in detail in the report of the Director, published separately. Except as otherwise stated, the report here made is for the fiscal year ended June 30, 1948.

The following tables covering the fiscal years indicated are self-explanatory.

TABLE I.—*Reports and inspections—Steam locomotives*

| | Year ended June 30— | | | | | |
|---|---------------------|--------|---------|---------|---------|---------|
| | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 |
| Number of locomotives for which reports were filed..... | 37,073 | 39,578 | 41,851 | 43,019 | 43,297 | 43,064 |
| Number inspected..... | 93,917 | 94,034 | 101,869 | 115,979 | 117,334 | 116,647 |
| Number found defective..... | 9,417 | 10,248 | 11,337 | 11,975 | 12,710 | 11,901 |
| Percentage inspected found defective..... | 10 | 11 | 11 | 10 | 11 | 10 |
| Number ordered out of service..... | 654 | 708 | 690 | 506 | 630 | 487 |
| Number of defects found..... | 38,855 | 41,250 | 56,541 | 53,367 | 56,617 | 51,350 |

TABLE II.—*Accidents and casualties caused by failure of some part of the steam locomotive, including boiler or tender*

| | Year ended June 30— | | | | | |
|--|---------------------|-------|------|------|-------|-------|
| | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 |
| Number of accidents..... | 341 | 360 | 419 | 410 | 403 | 319 |
| Percent increase or decrease from previous year..... | 5.3 | 14.1 | 12.2 | 1.7 | 26.3 | 143.7 |
| Number of persons killed..... | 15 | 16 | 10 | 20 | 25 | 27 |
| Percent increase or decrease from previous year..... | 6.3 | 160.0 | 50.0 | 20.0 | 7.4 | 20.6 |
| Number of persons injured..... | 361 | 464 | 439 | 429 | 466 | 373 |
| Percent increase or decrease from previous year..... | 22.2 | 15.7 | 12.3 | 7.9 | 124.9 | 164.3 |

¹ Increase.

TABLE III.—*Accidents and casualties caused by failure of some part or appurtenance of the steam locomotive boiler*¹

| | Year ended June 30— | | | | | | | |
|--------------------------------|---------------------|------|------|------|------|------|------|-------|
| | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1915 | 1912 |
| Number of accidents..... | 104 | 116 | 156 | 141 | 141 | 129 | 424 | 856 |
| Number of persons killed..... | 14 | 12 | 10 | 13 | 17 | 25 | 13 | 91 |
| Number of persons injured..... | 108 | 124 | 165 | 154 | 194 | 173 | 467 | 1,005 |

¹ The original act applied only to the locomotive boiler.

TABLE IV.—*Reports and inspections—Locomotives, other than steam*

| | Year ended June 30— | | | | | |
|--|---------------------|--------|--------|-------|-------|-------|
| | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 |
| Number of locomotive units for which reports were filed..... | 9,803 | 7,805 | 6,616 | 6,094 | 5,139 | 4,351 |
| Number inspected..... | 20,798 | 13,115 | 10,908 | 9,888 | 7,711 | 6,847 |
| Number found defective..... | 853 | 633 | 499 | 447 | 378 | 298 |
| Percentage of inspected found defective..... | 4.1 | 4.8 | 4.6 | 4.5 | 4.9 | 4.4 |
| Number ordered out of service..... | 21 | 19 | 17 | 16 | 9 | 6 |
| Number of defects found..... | 1,745 | 1,442 | 1,385 | 1,212 | 1,026 | 849 |

TABLE V.—*Accidents and casualties caused by failure of some part or appurtenance of locomotives other than steam*

| | Year ended June 30— | | | | | |
|--------------------------------|---------------------|------|------|------|------|------|
| | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 |
| Number of accidents..... | 41 | 40 | 38 | 29 | 17 | 15 |
| Number of persons killed..... | | 2 | | 1 | | |
| Number of persons injured..... | 50 | 41 | 56 | 40 | 23 | 18 |

INVESTIGATION OF ACCIDENTS AND GENERAL CONDITION OF LOCOMOTIVES

All accidents reported to the Bureau as required by the law and rules were carefully investigated and appropriate action taken to prevent recurrence as far as possible. Copies of reports of accident investigations were furnished to interested parties on request, and otherwise used in an effort to reduce the number of such accidents.

STEAM LOCOMOTIVES

Three hundred and forty-one accidents occurred in connection with steam locomotives resulting in 15 deaths and 361 injuries. This represents a decrease of 19 accidents, a decrease of 1 in the number of persons killed, and a decrease of 103 in the number of persons injured compared with the preceding year.

During the year 10 percent of the steam locomotives inspected by our inspectors were found to have defects that should have been corrected before the locomotives were put into use; this is a 1 percent improvement compared with the preceding year. Six hundred and

fifty-four locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe; this is a decrease of 54 locomotives compared with the preceding year. Locomotives found defective were not ordered out of service if such defects did not render them unsafe for the service to which they were put.

EXPLOSIONS AND OTHER BOILER ACCIDENTS

Thirteen boiler explosions occurred in the fiscal year; all were caused by overheating of the crown sheets due to low water. Twelve employees were killed in these accidents and 15 were injured. There was a reduction of one in the number of boiler explosions, an increase of one in the number of employees killed, and a reduction of seven in the number of employees injured compared with the preceding year.

One of the explosions occurred on a locomotive in passenger-train service, one on a locomotive in mixed-train service, nine on locomotives in freight-train service, and two on locomotives in charge of engine watchmen.

Ninety-one boiler and appurtenance accidents other than explosions resulted in the death of 2 employees and injuries to 93 employees. This is a decrease of 11 accidents, an increase of 1 in the number of employees killed, and a decrease of 9 injuries compared with the preceding year.

EXTENSION OF TIME FOR REMOVAL OF FLUES

Three hundred and fifty-three applications were filed for extension of time for removal of flues, as provided in rule 10. Our investigations disclosed that in 57 of these cases the condition of the locomotives or other circumstances were such that extensions could not properly be granted. Four were in such condition that the full extensions requested could not be authorized, but extensions for shorter periods of time were allowed. Ten extensions were granted after defects disclosed by our investigations were required to be repaired. Seven applications were canceled for various reasons. Two hundred and seventy-five applications were granted for the full period requested.

LOCOMOTIVES PROPELLED BY POWER OTHER THAN STEAM

Forty-one accidents, resulting in injuries to 50 persons occurred in connection with locomotives propelled by power other than steam. This represents an increase of 1 in the number of accidents, a decrease of 2 in the number of persons killed, and an increase of 9 in the number of injured compared with the preceding year.

During the year 4.1 percent of the locomotives inspected by our inspectors were found with defects or errors in inspection that should have been corrected before the locomotives were put into use; this represents an improvement of 0.7 percent compared with the results obtained in the preceding year. Twenty-one locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe; this is an increase of 2 locomotives compared with the preceding year.

SPECIFICATION CARDS AND ALTERATION REPORTS

Under rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 111 specification cards and 4,265 alteration reports were filed, checked, and analyzed. These reports are necessary in order to determine whether or not the boilers represented were so constructed or repaired as to render safe and proper service and whether the stresses were within the allowed limits. Corrective measures were taken with respect to numerous discrepancies found.

Under rules 328 and 329 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam, 2,001 specifications and 173 alteration reports were filed for locomotive units and 530 specifications and 231 alteration reports were filed for boilers mounted on locomotives other than steam. These were checked and analyzed and corrective measures taken with respect to discrepancies found.

LEGAL

One case of violation of the rules and instructions for inspection and testing of steam locomotives and tenders and their appurtenances, comprising three counts, was transmitted to a United States attorney for prosecution. This case is now pending in the district court.

APPEALS

No formal appeal by any carrier was taken from the decisions of any inspector during the year.

BUREAU OF MOTOR CARRIERS

One of the major difficulties with which we have been faced in connection with regulation of common and contract carriers subject to our jurisdiction has been the practices of such carriers in the so-called leasing of vehicles to shippers and private carriers; also their practices with respect to performance of authorized transportation service with vehicles owned by others and driven by the owner or employees of the owners. While many of the leases of equipment to shippers and private carriers are bona fide, others appear to involve unauthorized operation on the part of the so-called lessors. The most

troublesome aspect of the use of such vehicles by carriers is the widespread failure to adopt procedures which will assure compliance with our safety regulations as to hours of service of drivers and proper equipment and maintenance of motor vehicles used in their transportation service. In order to deal with the problems resulting from the leasing of motor equipment, we have instituted an investigation on our own motion, Ex Parte No. MC-43, with a view to determining whether the present practices of the carriers in the matter should be required to be discontinued because unlawful or contrary to the public interest and whether and to what extent regulations governing interchange and leasing of equipment should be prescribed.

We are continuing to increase our efforts to bring about stricter compliance with our safety regulations, with the aim of obtaining a better safety record in the industry as a whole. Our past efforts along this line have resulted in an increased interest among top executives in the safety practices of their companies, which is expected to be of material help in improving the situation. Also of material help are the safety programs being inaugurated by many of the States, including safety education and driver training in the curricula of the high schools, and stricter laws with respect to driver licenses. In some areas the carrier associations have set up facilities for testing physical fitness of drivers and for maintaining records as to their law compliance and previous employment, which records are available to any carrier member. Some States are setting up drivers' record systems wherein information relative to number of accidents, convictions, and warnings of drivers is recorded in a central office and may be obtained upon payment of a small fee. Some insurance companies are advising carriers that operations of certain drivers with bad accident records will not be covered further. An increasing interest in highway safety is also being taken by unions and drivers themselves.

One of the problems facing the motor-carrier industry at present is the difficulty some carriers experience in obtaining public liability and property damage and cargo insurance to meet the requirements under section 215 of the act for the protection of the public. This is particularly true as to the smaller carriers. This difficulty seems to be due to experience factors which do not apply to regulated carriers as a whole. In an effort to find a solution of the problem, the American Trucking Associations, Inc., has formed a committee composed of leading representatives of the trucking industry, insurance companies, and insurance agencies, in a cooperative effort to provide worthy motor carriers with adequate insurance coverage. We have afforded guidance and assistance in such effort.

We have received complaints from shippers and consignees con-

cerning failure of some motor carriers to handle loss and damage claims. Although we have no jurisdiction over the settlement of such claims, we have cooperated with associations of carriers in an effort to improve the practices of the carriers. The subject of more serious complaint has been the failure of some motor carriers to handle c. o. d. shipments and remit collections on such shipments in accordance with the provisions in the tariffs. In response to complaints against the practices of the carriers in this respect, we instituted an investigation on our own motion, Ex Parte No. MC-42, for the purpose of determining the necessity of prescribing regulations governing the handling of such shipments.

In general, the financial condition of the carriers remains good, but the continued upward trend in labor costs, insurance rates, and operating expenses may change the picture. Another factor which may have an adverse effect is the present increase in private-carrier transportation.

SECTION OF CERTIFICATES

As our annual report for 1937 described in detail the duties of the Section of Certificates, this report will consist of (a) a summary of the status of the various applications handled by this section; (b) a statement showing the number of carriers, other than temporary, whose operations are subject to regulation under part II of the Interstate Commerce Act, and (c) information concerning the identification of vehicles under section 224 of the act.

Applications filed since enactment of part II of the Interstate Commerce Act

| | Cumulative to Oct. 31, 1947 | Received Nov. 1, 1947 to Oct. 31, 1948 | Cumulative to Oct. 31, 1948 |
|--|-----------------------------------|---|-----------------------------------|
| "Grandfather" applications filed on and prior to Feb. 12, 1936..... | 82,770 | 15 | 82,775 |
| "Grandfather" applications filed after Feb. 12, 1936..... | 6,781 | 9 | 6,790 |
| Applications for authority to institute new operations..... | 29,604 | 3,074 | 32,678 |
| Applications for authority to conduct broker operations..... | 1,379 | 38 | 1,417 |
| Statements under second proviso of section 206 (a)..... | 5,366 | 631 | 5,997 |
| Applications for temporary authority under section 210a (a)..... | 29,198 | 3,134 | 32,332 |
| Applications for exemptions of one-State operations under section 204a (4a)..... | 118 | 9 | 127 |
| Extension of temporary authorities under section 9 (b), (5 U. S. C. 1008 (b))..... | 11,304 | 782 | 12,086 |
| Applications for transfer or lease of operating rights under section 212 (b)..... | 21,577 | 2,111 | 23,688 |
| Applications for transfer or lease of operating rights, or for acquisition of control under section 5..... | 3,646 | 367 | 4,013 |
| Applications for temporary authority under section 210a (b)..... | 1,158 | 87 | 1,245 |
| Total applications received..... | 192,901 | 10,247 | 203,148 |
| Applications approved..... | 88,829 | 6,003 | 94,832 |
| Applications denied, dismissed, or withdrawn..... | 100,920 | 4,122 | 105,042 |
| Applications pending..... | 3,152 | 122 | 3,274 |
| Total..... | 192,901 | 10,247 | 203,148 |

¹ Five applications previously reported as registrations transferred to "Grandfathers."

² Of the 3,274 applications pending Oct. 31, 1948, 24 are filed under the "Grandfather" clauses of the act, sections 206 (a) and 209 (a), by motor carriers who claim to have been in bona fide operation on June 1, 1935, as common carriers, or on July 1, 1935, as contract carriers. The carriers filing such applications are authorized by the act to continue operations pending determination of their applications.

The following tabulation indicates the number of carriers and brokers engaged in motor vehicle transportation activities whose operations are subject to regulation under part II of the Act. Motor carriers operating exclusively under temporary authority granted under section 210a (a) are not included. The data include carriers issued operating authority which have not resumed operations after having been authorized temporarily to suspend such operations under the Second War Powers Act, which expired March 31, 1947.

| Motor carriers | Cumulative to Oct. 31, 1947 | Nov. 1, 1947 to Oct. 31, 1948 | Cumulative to Oct. 31, 1948 |
|---|-----------------------------------|-------------------------------------|-----------------------------------|
| <i>Property carriers</i> | | | |
| Common—issued certificates under sections 206 or 207..... | ¹ 16,020 | —242 | ² 15,778 |
| Common—under second proviso of section 206 (a)..... | 1,840 | 30 | 1,870 |
| Contract—issued permits under section 209..... | 3,178 | —73 | 3,105 |
| “Grandfather”—no final authority issued..... | 34 | —8 | 26 |
| Late “Grandfather”—no final authority issued..... | 24 | 4 | 28 |
| Total property carriers..... | 21,096 | —289 | 20,807 |
| <i>Passenger carriers</i> | | | |
| Common—issued certificates under sections 206 or 207..... | ¹ 1,386 | 29 | ² 1,415 |
| Common—under second proviso of section 206 (a)..... | 197 | —39 | 158 |
| Contract—issued permits under section 209..... | 14 | —1 | 13 |
| “Grandfather”—no final authority issued..... | 3 | 2 | 5 |
| Late “Grandfather”—no final authority issued..... | 6 | —3 | 3 |
| Total passenger carriers..... | 1,606 | —12 | 1,594 |
| Total motor carriers..... | 22,702 | —301 | 22,401 |

BROKERS ISSUED LICENSES UNDER SECTION 211 OF THE ACT

| | | | |
|--------------------|-----|----|-----|
| Property..... | 81 | 10 | 91 |
| Passenger..... | 84 | 13 | 97 |
| Total brokers..... | 165 | 23 | 188 |

¹ 273 carriers of property and 26 carriers of passengers also conduct some additional operations under the second proviso of Section 206 (a).

² 292 carriers of property and 27 carriers of passengers also conduct some additional operations under the second proviso of Section 206 (a).

Identification plates.—On June 11, 1947, in Ex Parte No. MC-41, we revised the rules and regulations respecting identification of motor vehicles, under section 224 of the act. These regulations prohibit the use of identification plates on and after September 1, 1947, and prescribe a method of identification thereafter which requires every for-hire motor carrier operating under authority granted by us pursuant to the Interstate Commerce Act to display his name, or trade name, and I. C. C. docket number on both sides of each power unit operated.

SECTION OF COMPLAINTS

The following table indicates the condition of the docket of the Section of Complaints for the year ending October 31, 1948 (corresponding data for the year ending October 31, 1947, are also given):

| | 1947 | 1948 |
|--|-------|-------|
| Applications for common-carrier certificates, contract-carrier permits, brokers' licenses, and certificates of exemption: | | |
| Received for handling | 3,288 | 3,171 |
| Reopened | 116 | 177 |
| Hearings | 3,374 | 2,985 |
| Under submission at end of period | 579 | 536 |
| Disposed of, including reopened proceedings: | | |
| Recalled by section of certificates for further handling | 43 | 51 |
| Dismissed | 408 | 359 |
| By effective recommended order | 2,233 | 1,902 |
| By report of the Commission or a division of the Commission | 872 | 916 |
| Pending at end of period | 2,082 | 2,202 |
| Petitions disposed of | 766 | 1,012 |
| Complaints and investigations relating to motor carriers' rates, rules, and practices and investigation and suspension proceedings: | | |
| Formal complaints filed, including subnumbers | 31 | 23 |
| Investigation instituted | 9 | 7 |
| Investigation and suspension proceedings instituted | 92 | 145 |
| Reopened | 7 | 6 |
| Hearings | 64 | 71 |
| Under submission at end of period | 34 | 23 |
| Disposed of, including subnumbers and reopened proceedings: | | |
| Dismissed or discontinued | 89 | 129 |
| By effective recommended order | 18 | 24 |
| By report of the Commission or a division of the Commission | 45 | 42 |
| Pending at end of period | 132 | 118 |
| Petitions disposed of | 37 | 35 |
| Finance applications under section 5 of the act: | | |
| Received for handling | 295 | 370 |
| Reopened | 29 | 24 |
| Hearings | 139 | 174 |
| Under submission at end of period | 52 | 71 |
| Disposed of, including reopened, proceedings: | | |
| Dismissed | 20 | 26 |
| By report of the Commission or a division of the Commission | 330 | 324 |
| Pending at end of period | 135 | 179 |
| Petitions disposed of | 139 | 107 |
| Temporary authority applications under section 210a (b) disposed of | 89 | 95 |
| Proceedings to determine whether holders of certificates, permits, and licenses are complying with the terms of the act, the Commission's orders, rules, and regulations and the terms of their operating authorities: | | |
| Formal complaints filed, including subnumbers | 11 | 28 |
| Investigations instituted | 4 | 9 |
| Reopened | 1 | 2 |
| Hearings | 231 | 17 |
| Under submission at end of period | 10 | 9 |
| Disposed of, including subnumbers and reopened proceedings: | | |
| Dismissed or discontinued | 80 | 12 |
| By effective recommended order | 235 | 1 |
| By report of the Commission or a division of the Commission | 4 | 15 |
| Pending at end of period | 34 | 45 |
| Petitions disposed of | 29 | 21 |

SECTION OF INSURANCE

No changes were made during the past year in our rules and regulations under sections 211 (c), 215, and 403 (c) and (d) of the act governing the filing and approval of surety bonds, insurance, qualifications as self-insurers, and other securities and agreements by transportation brokers, motor carriers, and freight forwarders as security for the protection of the public.

Some 22,600 motor carriers and 85 freight forwarders have filed certificates of insurance, surety bonds, or qualifications as a self-insurer covering their liability for payment of final judgments recovered against them for bodily injuries to or the death of any person, or the loss of or damage to property of others arising out of the negligent operation, maintenance, or use of motor vehicles in transportation service subject to our jurisdiction under the act. Freight forwarders are required to file this type of security only in instances where they hold themselves out to perform, or to arrange for the performance of, transfer, collection, and delivery services in terminal areas. In addition to the security referred to above, approximately 17,800 motor common carriers of property and 94 freight forwarders have filed certificates of insurance, surety bonds, or qualifications as a self-insurer covering their liability to compensate shippers and consignees for the loss of or damage to cargo. For the protection of shippers and travelers, there are at present on file surety bonds furnished by approximately 174 transportation brokers to insure their financial responsibility and the supplying of authorized transportation in accordance with contracts, agreements, and arrangements therefor.

During the year, the Section of Insurance received, examined for approval, and filed 55,763 certificates of insurance, 754 surety bonds, 9,465 notices of cancellation of policies of insurance and surety bonds, and 1,234 rescinders of notices of cancellation, or notices of reinstatement of previously canceled insurance and surety bonds. In addition, this section received, examined, and prepared reports and recommendations in connection with 7 applications for approval of qualifications as a self-insurer, and received and analyzed 139 financial statements from motor carriers previously found qualified to self-insure, or from corporate sureties other than those regularly engaged in the surety business and subject to approval by the Treasury Department under the so-called Corporate Surety Act.

The Section of Insurance keeps in touch with the financial condition of insurance companies offering certificates of insurance for filing with us in behalf of motor carriers, brokers, and freight forwarders as security for the protection of the public, so that it may inform us with respect to any case where, in its judgment, the general stability of the insurance company is open to question. In this connection, financial statements were requested and received during the past year from 126 of the 436 companies furnishing insurance and surety bonds for motor carriers, freight forwarders, and transportation brokers under sections 211 (c), 215, and 403 (c) and (d) of the act.

SECTION OF LAW AND ENFORCEMENT

The status of enforcement proceedings and litigation during the year is as follows:

Enforcement proceedings referred by field force

| | |
|---|--------------|
| On hand November 1, 1947..... | 553 |
| Received since November 1, 1947, to October 31, 1948..... | 470 |
| Total requiring attention..... | 1,023 |
| Closed (investigations concluded and reviewed)..... | 511 |
| Pending (investigation by field staff instituted or pending)..... | 512 |
| | 1,023 |

Classification of violations (including enforcement proceedings charging more than one violation):

| | |
|---|------------|
| Operating without authority..... | 278 |
| Nonobservance of rates and charges on file..... | 103 |
| Unification without authority..... | 14 |
| Nonobservance of safety regulations..... | 159 |
| Insurance requirements..... | 39 |
| Accounting requirements..... | 11 |
| Miscellaneous..... | 32 |
| Total..... | 636 |

| Cases involving litigation | Civil | Criminal | Total |
|---|-----------|------------|------------|
| Awaiting institution Nov. 1, 1947..... | 6 | 111 | 117 |
| Pending in court Nov. 1, 1947..... | 22 | 102 | 124 |
| Total cases then on hand..... | 28 | 213 | 241 |
| Cases authorized during year Nov. 1, 1947 to Oct. 31, 1948..... | 35 | 433 | 468 |
| Total cases requiring attention during year..... | 63 | 646 | 709 |
| Cases concluded during year Nov. 1, 1947 to Oct. 31, 1948..... | 33 | 436 | 469 |
| Cases abandoned during year Nov. 1, 1947 to Oct. 31, 1948..... | 3 | 6 | 9 |
| Total cases disposed of during year..... | 36 | 442 | 478 |
| Awaiting institution Oct. 31, 1948..... | 4 | 108 | 112 |
| Pending in court..... | 23 | 96 | 119 |
| Total cases on hand Oct. 31, 1948..... | 27 | 204 | 231 |

The foregoing figures relate to work done by the enforcement branch of this section. Of the 469 court cases mentioned as concluded, 425 involved statutory violations of a criminal nature and resulted in the imposition of penalties totaling \$239,741. The Department of Justice moved the dismissal of 11 cases for various reasons. The number of court cases concluded during the year was the largest since 1942.

Appropriate decrees were entered against defendants in 25 of the 33 civil cases concluded. Decrees for defendants were rendered in 3 cases and the Department of Justice requested dismissal of 5 civil actions.

Attorneys of the section, including those assigned to the field staff, participated in 24 administrative hearings conducted by us during the year. Under consideration were such matters as the fitness of applicants to secure new operating authority or to be permitted to acquire such authority from others; complaints alleging operations or practices in violation of the act; investigations to determine the existence of unlawful control of carriers; investigations to determine the necessity for new rules and regulations or for changes in or additions to existing ones; and the like. In many of these proceedings the issues were quite complex and the testimony voluminous, and considerable work was necessary in marshaling the facts, preparing exhibits, and later in digesting and discussing the matters of record where briefs, petitions, or oral argument are necessary.

An important phase of the work of the law branch is to prepare opinions on questions arising under part II of the act. During the past year, 1,430 written requests for advice and opinions relating to legal questions were handled. As in the past, the law branch has assisted in the coordination of our administrative functions with those of the Wage and Hour Division, Department of Labor, so far as they relate to the effect of the hours of service provisions of the Fair Labor Standards Act and part 5 of our safety regulations upon motor carriers and their employees.

The briefing unit, whose duties were described in our 1944 report, prepared a total of 202 legal memoranda and briefs during the year.

SECTION OF SAFETY

The following general accident reports were published: Analysis of Mechanical Defect Accidents of Motor Carriers—1947 (issued September 1948), Motor Carrier Fire Accidents—1946 (issued March 1948), and Motor Carrier Fire Accidents—1947 (issued October 1948).

We are continuing to increase our enforcement work in an effort to bring about better compliance with our safety regulations. During the calendar year 1947, 238 cases totaling 1,430 counts involving violations of the safety regulations were prosecuted, and for the first 8 months of 1948 there were 151 such cases with 995 counts. These cases resulted in the payment of fines in a substantial amount. The carrier violations consisted principally of permitting or requiring drivers to remain on duty for excessive hours, failure to have on file physicians' certificates of physical fitness of drivers, employment of drivers not meeting the qualifications prescribed, failure to maintain

equipment properly, and failure to report accidents. Two injunctions requiring motor carriers to comply with our safety regulations were granted in 1947 and two thus far in 1948.

We are still calling to the attention of the Public Roads Administration accidents caused by or in some degree attributable to defects or deficiencies in the highways, and that department has cooperated by correcting many of the defects immediately and making arrangements for future correction of others.

Members of the staff of the section have continued their conferences with manufacturers of trucks, trailers, and busses with a view to correcting unsafe vehicle design. Conferences have also been held with experts in the field of radioactive materials for the purpose of formulating requirements which will insure safe transportation of such materials over the highways, particular attention being given to the effects of exposure to radioactive materials on drivers and possible persistence of radioactivity in the vehicles in which the materials are transported. The section has continued its cooperative work with the American Association of Motor Vehicle Administrators, the National Safety Council, the Society of Automotive Engineers, and other engineering and government agencies having a special interest in and knowledge of various elements affecting safety of operation of motor vehicles on the highways.

FIELD ORGANIZATION

Our field organization is currently operated through 16 district offices and 63 subdistrict offices. One subdistrict office was closed during the year and one was opened through the transfer of personnel from another office.

The foregoing reports of the various sections of the bureau reflect, in part, the volume of regular work of the field staff, particularly with respect to applications for operating authority, transfers, enforcement, insurance delinquencies, and safety. A large majority of these matters required original or subsequent handling by the field staff. The field staff is continuing to place emphasis on safety and enforcement. Our staff, however, is inadequate to obtain the result that should be obtained, especially with respect to the safety of operation by the motor carriers on the highways.

During the year the field staff made 3,680 investigations at carriers' terminals, checked 13,210 vehicles, and investigated 232 accidents, all in order to determine the extent of the motor carriers' compliance with our safety regulations and to assist the carriers in their safety work. Four hundred twenty-nine permanent authority applications, 3,299 temporary authority applications, 1,661 transfer applications,

10,879 complaints, 6,862 insurance delinquencies, and 1,034 special surveys were investigated and reported on by the field staff during the year.

BUREAU OF SAFETY

A more detailed report of this Bureau is published as a separate document.

Except as otherwise specified, the report here made is for the year ended June 30, 1948.

SAFETY APPLIANCES

The following table shows the result of inspection of safety appliances, together with corresponding data for the preceding year:

| | 1948 | 1947 |
|--|-------------|-------------|
| Freight cars inspected..... | 1, 072, 504 | 1, 061, 699 |
| Percent defective..... | 3. 69 | 3. 40 |
| Passenger-train cars inspected..... | 23, 870 | 24, 767 |
| Percent defective..... | 4. 13 | 3. 71 |
| Locomotives inspected..... | 11, 748 | 12, 795 |
| Percent defective..... | 4. 66 | 5. 30 |
| Number of defects per 1,000 units inspected..... | 43. 84 | 40. 69 |

During the year, 180 cases of violation of the safety-appliance laws, comprising 724 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising 216 counts were pending in the district courts. Judgment was confessed in cases comprising 629 counts, 3 counts were dismissed, and 23 counts tried, resulting in judgment for the Government on 21 counts, for the defendant on 1 count, and 1 count is awaiting decision. On June 30, 1948, cases containing 285 counts were pending in the district courts.

Our order of September 21, 1945, required installation on all cars used in freight service, except those equipped with passenger-car brakes, of power brakes and appliances which would meet specifications adopted by us earlier that year. This order required completion of such installation on or before January 1, 1949. On June 30, 1948, installations had been made on 77.4 percent of the interchange freight cars.

By order of August 27, 1948, the time within which cars are required to be equipped was extended to January 1, 1950, for interchange cars and to January 1, 1952, for all other cars.

Tests of geared hand brakes conducted by the Association of American Railroads during the year resulted in certification of one vertical-wheel and one horizontal-wheel brake. Up to June 30, 1948, 13 vertical-wheel geared brakes and 7 horizontal-wheel geared brakes had been certified by that association.

Road-service tests of a load-compensating brake were conducted on the Pennsylvania Railroad during the months of July and August 1948.

HOURS OF SERVICE

The following table contains statistics for the year and corresponding data for the preceding year:

| | 1948 | 1947 |
|--|--------|--------|
| Railroads filing hours-of-service reports..... | 677 | 693 |
| Railroads reporting instances of excess service..... | 196 | 217 |
| Instances of excess service reported..... | 28,422 | 33,810 |

Eighteen cases of violation of the hours-of-service law, comprising 46 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising 21 counts were pending in the district courts. Judgment was confessed in cases comprising 36 counts, and 6 counts tried, resulting in judgment for the Government. The case of 1 count pending decision last year was decided in favor of the Government. On June 30, 1948, cases comprising 25 counts were pending in the district courts.

SIGNAL SYSTEMS, INTERLOCKING AND AUTOMATIC TRAIN-STOP AND
TRAIN-CONTROL DEVICES

According to reports submitted by the carriers, block-signal systems, interlocking and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1948, as follows:

| | Plants | Miles of road | Miles of track | Locomotives |
|--|--------|---------------|----------------|-------------|
| Block-signal systems: | | | | |
| Automatic..... | | 73,702.5 | 105,334.8 | |
| Nonautomatic..... | | 31,755.0 | 33,056.5 | |
| Total..... | | 105,457.5 | 138,391.3 | |
| Interlocking: | | | | |
| Number of plants..... | 4,503 | | | |
| Automatic train-stop, train-control, and cab-signal devices: | | | | |
| Intermittent ¹ | | 6,346.6 | 11,764.8 | 5,535 |
| Continuous..... | | 4,319.3 | 8,982.2 | 5,132 |
| Total..... | 4,503 | 10,665.9 | 20,747.0 | 10,717 |

¹ Listed under "intermittent" are 391 locomotives having dual intermittent-continuous equipment.

Detailed information concerning these installations is contained in the annual statistics bulletin, compiled separately.

During the year, 761 applications for approval of modifications of block-signal systems and interlockings were filed by the carriers, and at the beginning of the year action was pending on 65 applications, previously filed; of these, 668 applications were acted upon, 32 were withdrawn, and action was pending on 126 at the close of the year.

On July 1, 1947, seven applications were pending for approval of modifications of the rules, standards and instructions prescribed by our order of April 13, 1939, or for approval of extension of time within which certain sections were to become effective. During the year, 29 such applications were filed, 32 were acted upon, and 2 were withdrawn. At the close of the year, 2 such applications were pending.

In 22 cases, further extensions of time were granted carriers in connection with applications covering projects which could not be completed within the original time limit allowed by our orders.

During the year public hearings were held on three applications and action taken thereon.

Monthly signal-failure reports filed by the carriers are summarized as follows:

| | |
|---|---------|
| False restrictive failures..... | 42, 282 |
| False proceed failures..... | 223 |
| Potential false proceed conditions..... | 25 |

During the year, inspections were made as follows:

| | |
|---|--------|
| Block-signal systems..... | 687 |
| Interlockings..... | 1, 372 |
| Automatic train-control and cab-signal devices..... | 544 |
| Centralized traffic control systems..... | 217 |
| Other similar appliances, methods, or systems..... | 66 |
| Total..... | 2, 886 |

These inspections have resulted in bringing to the attention of the railroad managements, for necessary corrective action, a large number of unsatisfactory maintenance conditions.

Seven cases containing 13 counts for violating section 25 of the Interstate Commerce Act were transmitted to United States attorneys for prosecution. Judgment was confessed in cases comprising 4 counts. On June 30, 1948, cases comprising 9 counts were pending in the district courts.

INVESTIGATION OF ACCIDENTS

The Bureau investigated 80 train accidents, of which 52 were collisions and 28 derailments. The collisions resulted in the death of 76 and the injury of 701 persons. The derailments resulted in the death of 30 and the injury of 923 persons. The totals were 106 killed and 1,624 injured.

The following information relates to five of the more serious accidents investigated:

| Kind of accident | Trains involved | Number of persons | | Cause |
|-------------------------|---|-------------------|---------|--|
| | | Killed | Injured | |
| Rear-end collision..... | Passenger trains..... | 1 | 177 | Failure to operate following train in accordance with signal indications. |
| Collision..... | Passenger train and road-grading machine. | 3 | 24 | Road-grading machine being driven upon grade crossing immediately in front of approaching train. |
| Head-end collision..... | Passenger trains..... | 4 | 42 | Inferior train occupying main track on time of opposing superior train. |
| Rear-end collision..... | Passenger train and mail-express train. | 14 | 37 | Failure to operate following train in accordance with signal indications. |
| Derailment..... | Passenger train..... | 3 | 125 | Defective tender truck side-bearing plate. |

One case of violation of the accident reports law, comprising three counts, was transmitted to a United States attorney for prosecution, and was disposed of by confession of judgment on two counts and one count dismissed.

GRADE CROSSINGS—RAILWAY WITH HIGHWAY

During the calendar year 1947 there were 4,015 accidents at highway grade crossings, which resulted in the death of 1,790 persons and the injury of 4,251 persons. Automobiles were involved in 3,569 of these accidents, in which 1,521 persons were killed and 4,055 injured. There were 61 derailments of trains as a result of collisions between trains and automobiles, which caused the death of 18 and the injury of 59 persons. Of the total casualties resulting from derailments and other train accidents at highway grade crossings, 15 persons killed and 110 injured were railroad passengers, employees, and persons carried under contract. Information concerning accidents of this character, together with comparable statistics for the preceding 2 years, and the number of crossings, railway with highway, is shown in the following tables:

Accidents at highway grade crossings, year ended Dec. 31, 1947, 1946, and 1945

| | 1947 | | | 1946 | | | 1945 | | |
|---|--------------|-------------------|---------|--------------|-------------------|---------|--------------|-------------------|---------|
| | Number | Number of persons | | Number | Number of persons | | Number | Number of persons | |
| | | Killed | Injured | | Killed | Injured | | Killed | Injured |
| Accidents at highway grade crossings..... | 4, 015 | 1, 790 | 4, 251 | 4, 001 | 1, 851 | 4, 397 | 4, 100 | 1, 903 | 4, 446 |
| Accidents at highway grade crossings involving automobiles..... | 3, 569 | 1, 521 | 4, 055 | 3, 518 | 1, 558 | 4, 137 | 3, 514 | 1, 577 | 4, 126 |
| Derailments of trains as a result of collisions between trains and automobiles..... | 61 | 18 | 59 | 60 | 28 | 79 | 57 | 45 | 208 |
| Miscellaneous train accidents as a result of collisions between trains and automobiles..... | 315 | 139 | 193 | 245 | 112 | 140 | 206 | 104 | 122 |
| Automobiles registered..... | 37, 402, 230 | | | 33, 945, 817 | | | 30, 638, 429 | | |
| Railroad casualties: | | | | | | | | | |
| Passengers..... | | 2 | 67 | | 0 | 25 | | 3 | 143 |
| Employees on duty..... | | 19 | 95 | | 21 | 95 | | 21 | 167 |
| Persons carried under contract..... | | 0 | 7 | | 0 | 4 | | 0 | 7 |
| Total..... | | 21 | 169 | | 21 | 124 | | 24 | 317 |

Crossings, railway with highway

| Year ended Dec. 31— | Number at end of year | Number actually added and eliminated during the year | | Net decrease | Year ended Dec. 31— | Number at end of year | Number actually added and eliminated during the year | | Net decrease— |
|------------------------|-----------------------------|--|------------|--------------|------------------------|-----------------------------|--|------------|---------------|
| | | Added | Eliminated | | | | Added | Eliminated | |
| 1947..... | 226, 501 | 931 | 1, 055 | 124 | 1942..... | 227, 496 | 516 | 2, 694 | 2, 178 |
| 1946..... | 226, 143 | 1, 773 | 814 | 959 | 1941..... | 229, 722 | 563 | 1, 502 | 939 |
| 1945..... | 226, 153 | 316 | 630 | 314 | 1940..... | 230, 285 | 730 | 1, 507 | 777 |
| 1944..... | 226, 357 | 377 | 837 | 460 | 1939..... | 231, 104 | 868 | 1, 554 | 686 |
| 1943..... | 226, 938 | 825 | 1, 339 | 514 | 1938..... | 231, 400 | 641 | 1, 805 | 1, 164 |

MEDALS OF HONOR

No applications were filed during the year. The two referred to in last year's report as pending have been acted upon. One was denied. In the other, a medal was awarded, based upon the following facts:

Elmer W. Cogburn, a yard foreman employed by the Atlantic Coast Line Railroad Company at Florence, S. C., on January 8, 1946, saw an elderly man on the railroad tracks in front of moving cars. Mr. Cogburn raced down the track ahead of the cars, grasped the man as he was struck by the leading car, removed him from the track in time to prevent him from being run over, and barely escaped injury to himself.

Since the passage of this act 95 applications have been filed, of which 60 have been granted and 35 denied.

INVESTIGATION OF SAFETY DEVICES

During the year, plans and specifications of six devices designed to increase safety in railway operation were examined, and opinions thereon transmitted to the proprietors or their agents.

BUREAU OF SERVICE

The Bureau has continued investigating inefficient and uneconomical operating conditions on the railroads and in service rendered at industries. Action has been taken with railroad management in an effort to secure maximum utilization of existing railroad facilities. A total of 8,524 reports of industrial detention was received.

At our request the Association of American Railroads, during the period January 1 to September 16, 1948, issued 230 embargoes against individual consignees. The carriers themselves issued 450 embargoes, making a total of 680 issued during that period. During the corresponding period in 1947, 857 embargoes were placed, 425 upon our request and 432 by the railroads.

During 1946 and 1947 reports from our service agents disclosed that many practices existed which prevented the fullest utilization of rolling stock; loaded and empty cars were unduly delayed at terminals, and in their placement at, and removal from, industries; an excessive number of empty cars were being held for prospective loading by industries; insufficient checks were being made of yard and other tracks upon which cars are ordinarily stored, or placed for loading and unloading; and much delay occurred in moving cars to the repair tracks. To correct this situation, and to increase operating efficiency, Service Order No. 778, Railroad Operating Regulations for Car Movement, was issued. The order, however, was suspended before it became effective upon the filing by the carriers with us of an agreement indicating their willingness voluntarily to make effective the provisions of the order. That considerable improvement has been effected is disclosed not only in the reports of our field force, which policed the operations, but also is reflected in the greatly increased car supply as compared with last year.

During the first quarter of 1948, the severe weather conditions prevailing in the East brought about much traffic congestion, requiring close surveillance by all of our service agents. Because of the mounting reports of the severity of the congestion directives were issued under Service Order No. 562 providing for rerouting and diverting of traffic. These directives remained in effect from February 3 to February 24, 1948.

Because of the shortage of petroleum and the products thereof in different sections of the country, and also the critical shortage in the supply of tank cars of a type suitable for the transportation of kero-

sene and fuel oils, we issued Service Order No. 798, Demurrage Charges on Privately Owned Tank Cars. This order provided a penalty for detention to privately owned tank cars held on owners' private tracks, and was in effect from December 20, 1947, to March 1, 1948.

For the 3-month period December 1, 1947, to the end of February 1948, practically the entire field force of 54 agents was utilized in searching out sources of delay to tank cars, capable of carrying petroleum, at refineries, railroad terminals, en route, and at destination points. They handled avoidable delays on the spot and made over 600 reports to the Washington office.

Each year during the period of the lake-coal and ore movements a severe shortage exists in the supply of open cars. On March 15, 1948, 12 service agents were assigned to strategic points in the bituminous coal fields and at Lake Erie ports to investigate and determine to what extent cars were being delayed at mines awaiting completion of loading; whether cars were being fully loaded; whether excessive detention occurred in the movement between loading at mines, movement to scales and arrival at ports; whether cars were being detained at the ports for ore loading in excess of immediate requirements; delay from the completion of cargo or compartment lot until dumping of coal to vessel; and the prompt movement of cars from ports after unloading. An analysis also was made of tonnage originating in different producing districts to determine if a greater concentration at individual ports could be accomplished, and the extent to which railroad fuel coal for the northwestern railroads could be consolidated.

Over 1,000 reports were submitted by our service agents during this period of lake-coal and ore movement. Much detention was eliminated on the ground by the service agents, with the cooperation of local officials of the carriers and mine operators. However, other delays, such as detention of cars between loading at mines and arrival at ports and delays at interchange points, required the attention of the higher operating officials of the carriers. Coal cars were moved between the mines and lake ports more rapidly than at any time in recent years. The total revenue coal loadings for the 19-week period April 26 to September 11, 1948, was 3,453,844 cars compared with 3,174,621 cars during the same period in 1947, an increase of 8.8 percent over 1947.

Bituminous coal loaded into vessels at Lake Erie railroad docks for the season to September 12, 1948, totaled 36,940,971 net tons compared with 33,546,477 tons in the corresponding period of 1947. Iron ore loaded into vessels at upper-lake railroad docks for the same

period amounted to 59,012,100 gross tons as compared with 55,622,781 gross tons in the same period of 1947.

Export coal tonnage to overseas destinations continues substantially below last year's record movement, and continued improvement in European production will result in a further reduction in demands for exports from this country.

Coal exported to Canada also is somewhat less than last year's tonnage; to August 1, of the year 12,795,458 tons were shipped, compared with 13,997,164 tons shipped in the first 7 months of 1947.

Unprecedented floods occurred in the Pacific Northwest in the spring of 1948 causing considerable disruption in rail service at various times during the month of May. Our service agents in this area were in constant communication with railroad officials and other authorities, keeping us fully advised of the situation at all times. Service Order No. 816 was issued effective June 2, 1948, providing that the time cars which were detained because of flood conditions in Washington, Oregon, and Idaho would not be counted in the computation of demurrage.

Several months before the 1948 grain harvesting season began, our service agents had conferences with rail officials, mill and elevator operators, and grain inspectors to plan coordinated action for the movement of the grain crop by arranging for an increased car supply. The service agents also rendered assistance in expediting the movement, distribution, and release of the grain cars. Railroads in the Southwest on June 4 had 12,477 cars stored in anticipation of the harvest movement, and had made provisions for the continuous handling of the cars at terminals.

At the time of the pregrain movement conferences it was discovered that many of the large terminal elevators already were partially filled with the tonnage remaining from last year's crop. At Hutchinson, Kans., on June 1 the elevators were 62.3 percent filled with the old crop; and the elevators at Fort Worth on June 19, contained 7,369,000 bushels as compared with 1,967,000 on June 21, 1947. This storage of old grain added to the problem of insufficient storage facilities at terminals and forced diversion to more distant points.

Regardless of the improved performance by the carriers, it is necessary that sufficient new or rebuilt freight-carrying equipment and locomotives be placed in service to take care of the load which the railroads must transport. With 101,005 new freight cars placed in service during the past 12 months, the net gain in car ownership has been reduced by retirements to 18,746 cars, and owing to an increase in bad order cars during the year, the net increase in serviceable ownership has been only slightly more than 12,000 cars. It is un-

doubtedly a fact, however, that the increase in high class cars in service has been much greater than the figures in the following tables indicate:

Car ownership, class I railroads

| Freight cars | Sept. 1, 1948 | Sept. 1, 1947 | Sept. 1, 1946 | Sept. 1, 1944 |
|--------------------------|------------------|------------------|------------------|------------------|
| Box..... | 729, 368 | 722, 298 | 730, 476 | 738, 326 |
| Gondolas..... | 307, 221 | 319, 684 | 331, 984 | 345, 880 |
| Hoppers..... | 548, 940 | 522, 869 | 531, 530 | 515, 852 |
| Total ¹ | 1, 749, 038 | 1, 730, 062 | 1, 747, 625 | 1, 756, 422 |

¹ Including railroad-owned refrigerator, flat, stock, and miscellaneous cars.

Class I roads, installation of new cars and retirement of worn-out cars

| | 8 months 1948 | Year 1947 | Year 1946 | Year 1944 |
|---------------|------------------|-----------|-----------|-----------|
| New cars..... | 69, 083 | 63, 312 | 40, 377 | 40, 392 |
| Retired..... | 52, 771 | 71, 331 | 61, 004 | 27, 098 |

Based upon retirements during the last quarter of each year, it is estimated the total retirements for 1948 will approximate 85,000 cars.

The retirements in 1942 of 18,343 cars established an all-time low record. In 1943 the total was 19,298. In 1944 it was 27,098 and 1945, 43,633. During the years 1947 and 1948, the heavy retirements are simply the penalty being paid for the deferments in the war years.

EMERGENCY SERVICE ORDERS

Under emergency powers provided by section 1 (15), (16), and (17), of the Interstate Commerce Act, 77 emergency and vacating orders and 99 amendments were issued between October 1, 1947, and September 30, 1948, inclusive. In addition 577 general and special permits were issued. These orders were necessary to facilitate the flow of traffic and prevent car shortages. The principal orders issued were for the following purposes: To prevent delay in delivery of loaded cars between the Kewaunee, Green Bay and Western Railroad and the Ahnapee and Western Railway Company, owing to a controversy over a contract between these carriers; to group the penalty demurrage charges on all types of cars, one order was issued limiting the number of diversions on carloads of hay to two, as investigations disclosed that shippers of this commodity were reconsigning cars numerous times before unloading was finally accomplished; appointing an agent of the Commission with authority to reroute loaded cars around points of congestion during the severe winter months of 1947-48; to speed up the return of Canadian boxcars in order to correct a disproportionate balance of these cars in this country; to give priority to

coal cars for the loading of railroad fuel coal in order to augment a short supply on hand with the railroads; to reduce delays to equipment in terminals and at industries by efficiency of operations; restricting the use of coal-burning freight locomotives because of a bituminous coal miners' strike and a dwindling reserve of stocks of railroad coal, and in order to bolster the supply of cars for transporting coal and coke to Great Lakes ports, the holding of such cars on Sundays and holidays were included in the free time authorized by tariff.

The railroads continue to unload delayed cars in accordance with section 4 of the Standard Bills of Lading. Consequently, only a limited number of unloading orders were issued by us.

SECTION OF EXPLOSIVES

Bills to amend the Transportation of Explosives Act so as to give us additional jurisdiction over the transportation of explosives and other dangerous articles were introduced in the Senate in both the Seventy-ninth Congress and the Eightieth Congress. These bills (S. 1290 and S. 1141) were not enacted.

The Transportation of Explosives Act (Title 18, U. S. C., Secs. 831-835) now provides, in part, that the Commission shall formulate regulations for the safe transportation of explosives and other dangerous articles which shall be binding upon all common carriers engaged in interstate or foreign commerce, which transport explosives or other dangerous articles by land, and upon all shippers making shipments of explosives or other dangerous articles via any common carrier engaged in interstate or foreign commerce by land or water. The Transportation of Explosives Act does not subject contract carriers, or carriers by water or by air to such regulations.

In recent years there has been a substantial increase in the interchange of traffic between the various types of carriers: motor-air, rail-water, et cetera. It is our view that carriers, shippers, and the general public would benefit if a single regulatory body were empowered to issue regulations governing the transportation of explosives and other dangerous articles by carriers of all types.

Copies of our Regulations for the Transportation of Explosives and Other Dangerous Articles have not been available to the public since the war, when the entire supply was used by the Army and Navy. Requests for this publication continue to be heavy; therefore, early revision and reprinting appears essential. Work already has been started on a general review of the regulations for the purpose of clarification.

Some confusion to carriers and shippers is being experienced because of apparent conflicts between our regulations, under the

Transportation of Explosives and Other Dangerous Articles Act, and the Federal Insecticide, Fungicide and Rodenticide Act.

Under our regulations, shippers are required to apply diamond-shaped green labels to portable containers of the involved materials which describe contents as noninflammable compressed gas, and no conflicting labels are permitted to be displayed. When such materials are in tank cars or cargo tank motor vehicles the car or truck is placarded "Dangerous." Under the latter act, all containers including tank cars and cargo tanks are required to have labels on which the word "Poison" appears in red letters and as well an antidote and other information.

Not all of the materials classed as poisons under the insecticide act are so classed in the regulations under the explosives act, and in addition, the rail carriers' rules for the interchange of cars prohibit use of labels or placards of a type, color, or size that will conflict with our regulations. A recommendation concerning this subject appears elsewhere in this report.

Regulations for the transportation of radio-active materials, made available for the first time in October 1947, were widely distributed.

Extensive, but rather sudden, use of anhydrous ammonia as a fertilizer created a need for cargo tank vehicles for its distribution, there being no such tanks previously authorized for bulk transportation. Likewise, a demand has developed for portable skid tanks to be used in export service for liquefied petroleum gases. In the meanwhile, the need for cargo tank motor vehicle and portable tank containers for other gases has developed, as a consequence of which a committee was formed to formulate specifications to relieve the situation. It is anticipated that these specifications and pertinent regulations will be available in the near future.

The disastrous explosions of ammonium nitrate at Texas City, Tex., last year prompted thorough investigations and study with the view to ascertaining the causes and providing proper safeguards to avoid recurrence. Considerable testing of this material was performed by subcommittees of the Interagency Committee, formed by the Treasury Department, but as yet only minor changes in our regulations have been suggested.

Study is being made by appropriate committees to determine if lighter plates made of high tensile steel can be used in the manufacture of low-pressure tank cars. Additional study of probable risks is necessary before a final decision will be made by the tank-car committee.

Service and explosives agents rendered 750 reports covering their investigations of explosives matters at 692 railroad points, 3 motor carriers, and 55 industries. These reports indicated full compliance

with regulations in 264 instances. The violations consisted of 144 failures to furnish the train and engine crews with notice that their trains included cars containing explosives; and failing to keep file copies of notices at point of issuance, or neglect to number such notices; 50 were for improper placement of cars in trains; 284 consisted of placard violations and billing irregularities; and 8 covered miscellaneous irregularities.

A total of 182 special permits was issued during the year granting relief from the regulations to shippers who were unable to procure regulation containers, or materials for their manufacture, and permitting trial use of new containers, or for other special reasons warranting such relief. The shortage of high-pressure cars was considerably improved by permitting low-pressure tank cars to be used for liquefied petroleum gases during the fall, winter, and spring seasons.

Five orders, making 209 changes, were issued as amendments to the regulations to keep them on a current basis because many new dangerous materials or articles were developed during the year.

Requests for technical information concerning the regulations have been heavy.

BUREAU OF TRAFFIC

Data covering particular activities of subdivisions of this Bureau are shown below:

SECTION OF TARIFFS

There were received for filing 130,654 publications containing changes in freight, express, pipe-line and freight-forwarder rates, classification ratings or contract carrier minimum rate schedules and in passenger fares. This figure comprises tariff publications as follows:

| | |
|--|----------|
| Freight: | |
| Rail, motor or water common carrier..... | 101, 504 |
| Contract schedules, motor or water..... | 2, 086 |
| Passenger..... | 20, 699 |
| Express..... | 1, 844 |
| Pipe line..... | 559 |
| Freight forwarder..... | 3, 962 |
| | <hr/> |
| | 130, 654 |

Of these tariff publications 1,529 were rejected for failure to give the notice required by the statute or to conform to prescribed regulations. Tariff publications were criticized in 13,666 instances as not being in conformity with the act or our tariff rules. Powers of attorney and certificates of concurrence filed aggregated 19,836. Applications received seeking special permission to establish rates or fares

on less than statutory notice or for waiver of certain of our tariff-publishing rules numbered 8,942. Specific orders entered granting, denying, amending, or revoking special permissions numbered 9,616. There were received and filed 2,031 copies of traffic contracts between common carriers and 4,736 copies of contracts between contract motor carriers and shippers covering the charges of such carriers for transportation for such shippers. The issuance of certificates and permits to motor carriers and the transfer of such operating rights are conditioned upon compliance with our tariff rules. Compliance with the tariff rules was checked in 3,528 certificate and permit matters and in 3,702 transfer matters. Rate matters involved in 2,902 applications for temporary authority to establish new and extended motor operations were acted on during the year. For use in transportation studies 337,956 freight way bills were analyzed and individually checked to determine the rates and distances involved. Our duplicate tariff file has been maintained for the use of the public.

SUSPENSIONS

Rate adjustments covering changes in rail, motor, water, freight-forwarder, and pipe-line tariff schedules were protested and suspension asked in 733 instances. Of these protested adjustments, 275 represented increases, 403 represented reductions, 40 represented both increases and reductions, and 15 neither increases nor reductions.

The following action was taken on the requests for suspension:

| | |
|--|------------|
| Suspended (including supplemental orders) | 214 |
| Refused to suspend | 361 |
| Schedules rejected, requests for suspension withdrawn, or protested schedules canceled | 158 |
| Total | 733 |

Of the suspended adjustments, 95 were disposed of through informal proceedings, together with 31 adjustments suspended during the previous year.

A total of 3,438 tariff publications were involved in the above-described adjustments, of which 2,346 were increases, 551 reductions, 451 included both increases and reductions, and 90 represented no change.

The number of parties requesting suspension was 2,646 and the parties opposing suspension numbered 203.

Rail carriers protested 8 rail adjustments, 152 motor adjustments, and 4 water adjustments. Motor carriers protested 411 motor adjustments and 1 rail adjustment. Water carriers protested 2 water adjustments and 14 rail adjustments. As to freight-forwarder adjustments, 3 were protested by competing forwarders and 3 by

motor carriers. Nearly all of these adjustments represented reductions in rates.

Among the requests received for the suspension of increased-rate adjustments were 46 from Federal and 20 from State agencies.

THE FOURTH SECTION

The number of applications was 839, being an increase of 109 over the previous year. The number of orders entered in response to applications was 709, of which 22 were denial orders, 544 were orders granting continuing relief, and 143 were orders granting temporary relief. Forty-two formal reports were issued.

Applications withdrawn, wholly or in part, after correspondence with carriers, numbered 33; and 116 applications or portions thereof were heard.

The number of petitions for modification of orders was 250, of which 203 were granted, 25 were denied, 3 were withdrawn, and 19 are pending.

The number of applications exceeds by more than 100 the number reported in the corresponding period last year. This increase is attributable in part to the greater use made of the authority provided by the amendment of section 4 (1) in 1940, which enables carriers to file tariffs publishing rates, subject to the provisions of this section, when application is made to the Commission for approval of the departures. This amended authority facilitates the filing of applications and tariffs when any group of carriers has determined upon an adjustment of rates. Piecemeal adjustments, however, often result, and additional applications are necessary as soon as other carriers have signified their concurrences. Such applications in 1942 represented 28 percent of the total; in this year, 63 percent. As the proposed rates are published on statutory notice, these applications have required immediate investigation and prompt action.

EXPRESS

Of the tariff publications filed, 1,844 represent changes in express rates and classification ratings. Of the applications received seeking special permission to establish rates on less than statutory notice or waiver of certain of our tariff-publishing rules, 78 related to express rates.

RELEASED RATES

There were filed 31 applications for authority, under sections 20 (11), 219, and 413 of the act, to establish rates dependent upon declared or agreed values, and 7 such applications were pending at the beginning of the year. Of this total of 38, 22 were granted, 3 were denied, 6 were withdrawn, and 7 are pending.

BUREAU OF TRANSPORT ECONOMICS AND STATISTICS

During the fiscal year this Bureau issued the following special studies as a part of its general research work:

1. *State size and weight limitations generally applicable to for-hire trucks as of December 1947.*—This document summarizes the size and weight limitations of the 48 States and the District of Columbia in effect in December 1947 as they apply to for-hire trucks equipped with pneumatic tires.

2. *Freight revenue and wholesale value at destination of commodities transported on class I steam railways in the United States, calendar year 1946 and July-December 1946.*—This comparison of freight revenue and value of commodities transported is a continuation of a series which, except for the war years, has been issued at 2- or 3-year intervals since 1928. Because 1946 was a year of considerable price adjustments, and since a general increase in freight rates became effective on July 1, data were compiled for the last 6 months as well as for the entire calendar year.

Beginning January 1, 1947, our freight-commodity classification was expanded to 262 classes from the previous 157. The expanded classification is not strictly comparable with the earlier one because of shifts in some of the commodities between certain of the classes.

3. *Rail-highway grade-crossing accidents, 1947.*—The 4,015 accidents reported, which resulted in 1,790 deaths and 4,251 injuries, were analyzed according to month, day of week, hour of day, type of vehicle, kind and length of train, speed, type of crossing and protection, and other items.

4. *Fluctuations in railway freight traffic compared with production, class I steam railways, 1928-46.*—This document is a continuation of a series which has for its purpose a comparison of the relative freight traffic of the railways with respect to the trends since 1928 in the production of the various items included in each of the railway freight carload commodity classes. The railway proportion of the production of the commodities associated with each class is also shown.

5. *Estimates of average percentage increases in freight rates authorized in Ex Parte No. 166, Increased Freight Rates, 1947, by commodity classes.*—These estimates of percentage increases in freight rates were computed by the Bureau because of numerous requests for information as to the effect on individual commodity classes of our final order in Ex Parte No. 166.

During the past fiscal year an unusual amount of staff time was devoted to work in connection with various proceedings, especially Ex Parte No. 166, *Increased Freight Rates, 1947*. The research staff also has prepared and presented additional testimony, exhibits, and data in Dockets No. 29556, *Charges on Small Shipments by Railroad*, and

No. MC-C-543, Charges on Small Shipments by Motor Carriers, and has developed further data for presentation in Docket No. MC-C-550, Investigation of Bus Fares. The staff has assisted in the preparation of statistical material for use by the Bureau of Motor Carriers in hearing in Ex Parte No. MC-43, Lease and Interchange of Vehicles by Motor Carriers. Other cases involving staff time which may be mentioned include Ex Parte No. 163, Increased Express Rates and Charges, 1946, and Dockets Nos. 29587 and 29751, relating to per diem costs of freight-car ownership.

As the result of a study made by the Bureau's research staff in cooperation with representatives of the Association of American Railroads, the Commission's Rules Governing Monthly Reports of Railway Accidents were amended by our order of December 11, 1947, providing that for the year 1948 the amount of damage to railway property which determines the classification of a "train accident" shall be raised from "more than \$150" to "more than \$250." This change was made because of the sharp increases in the costs of railway labor, materials, and supplies in recent years, which tended to increase disproportionately the number of reportable train accidents. For years subsequent to 1948 upward or downward changes in the minimum will be made in multiples of not less than \$25, depending upon the size of changes in unit costs of labor and materials involved as determined by this Bureau. The reporting of the number of persons killed and injured in railway accidents is not affected by the change in classification of train accidents.

Beginning more than 2 years ago, the Bureau, in conjunction with the statistics committee of the Association of American Railroads undertook a comprehensive review and revision of the monthly report forms for railway operating statistics. This work was recently completed and the new and improved report forms will become effective January 1, 1949. The Bureau also participated during the past fiscal year in the review of the Commission's annual report form A for class I and class II steam roads made by a subcommittee on Railroad Reports to Federal Agencies of the Advisory Council on Federal Reports, established by the Bureau of the Budget. This work, begun during the preceding fiscal year, was completed about the middle of the calendar year 1948. The changes made will be embodied in the 1948 report forms. An order requiring annual reports from class II and class III motor carriers of freight and of passengers, covering a limited amount of financial and operating data, was approved by us on August 26.

The Bureau regularly prepares a series of monthly, quarterly, and annual publications based on reports filed with us by the various

carriers subject to the provisions of the Interstate Commerce Act. A list of these publications appears in our Annual Report on the Statistics of Railways in the United States. Condensed statistical summaries of data relating to the various classes of carriers are given in appendix C of this report.

During the 12-month period ended June 30, 1948, the total number of reports received from the various classes of carriers was 45,657, of which 4,298 were annual reports, as compared respectively with 39,738 and 2,682 reports received during the 1940 fiscal year. The increase in the number of reports received is primarily the result of the enlargement of our jurisdiction. Since the carriers' returns must be examined and tabulated in order to produce the statistics needed in connection with our regulatory duties, the Bureau's work load has been increased considerably in recent years by the additional reports. As a result publication of our statistics is delayed and backlogs are tending to accumulate.

As required by an order of September 24, 1946, the periodic freight-commodity statistics of class I steam railways were revised and expanded, effective January 1, 1947. The first annual issue of these statistics on the revised basis, by regions, districts, and individual roads, covering the calendar year 1947, was released on July 30, 1948.

Effective March 7, 1948, the Bureau's cost-finding section, which is engaged in studies of the transportation costs of various classes of carriers, was transferred to our Bureau of Accounts and Cost Finding.

WAYBILL ANALYSIS

Before the close of the fiscal year 1948 we had collected from the railroad companies under our order of September 6, 1946, waybills representing a continuous 1 percent sample of carload traffic terminated by the railways for the calendar year 1947. Substantial progress was made during the fiscal year in the development of studies and analyses of these waybills. Differences in the systems of numbering bills by the railroads, as well as the voluminousness of this material and various technical difficulties, which imposed heavy pressures upon the staff engaged in this work, has delayed the establishment of standardized releases to be published currently from the data collected. One of the results was that various releases of current waybill information made during the fiscal year 1948 were to a considerable extent of an experimental character. However, we began the publication of two regular quarterly releases for terminated traffic. One of these presents, by 25 territorial and interterritorial movements, for each of the 5 principal commodity groups, the carloads, tons, revenues, rates per hundred pounds, averages of short-line mileage, loading, length of haul, and revenue per short-line ton-mile and car-mile. The

other presents the total tonnage movements from State to State for the five principal commodity groups. Owing to the lag in reporting by the roads, tabulations of the traffic terminated for any period are delayed, it being necessary to allow three months for receipts of most of the bills for any particular period. Subject to this qualification, the two regular quarterly statements referred to above are now being issued promptly.

Tabulations of quarterly or other data which have been published from time to time include:

1. Average Weights per Car, Miles (Short-line) Per Car, and Per Ton by Principal Commodity Classes.
2. Percentage Distribution of Carloads by Weight Brackets for Principal Commodity Classes.
3. Distribution of Number of Carloads by Commodity Class and Type of Car.
4. Average Revenues for Specified Units of Carload Traffic with Supporting Data, by Commodity Classes.
5. Average Short-Line Length of Haul per Car and Percentage Distribution of Cars by Mileage Blocks.
6. Freight Traffic and Revenue Averages (Waybills received monthly by I. C. C.).

After some experimentation, satisfactory procedures finally have been developed for continuously processing the waybills. Under arrangements with the Bureau of Traffic the work is kept current, regular tabulations of all the bills received in each month being completed before the end of the following month.

Beginning shortly after the close of the fiscal year 1948, over-all tabulations for the entire calendar year 1947 were begun. The basic tabulation of the traffic and rate structure includes the 25 territorial and interterritorial movements of carloads and tonnage in and between the 5 rate territories for each of the 262 commodity classes subdivided by mileage blocks of 25-500 miles, together with the related data of ton-miles, car-miles, average load, lengths of haul, and average revenues per car-mile and ton-mile. Other basic tabulations will include State-to-State movements of tonnage for each of the 262 individual commodity classes.

As indicated in our last annual report, we have greatly needed an index of freight rates for use in connection with various rate proceedings, without a practicable means of developing it. The waybill sample, however, affords a satisfactory basis from which such an index can be constructed and kept current. The necessary sampling experiments and studies in this connection are under way, and it is expected that by the close of the fiscal year 1950 the index for the calendar year 1947 will be completed. Using the 1947 figures as

100, it is planned to recompute the index annually and as early as possible to carry it back for some years prior to 1947.

Much time has been spent by the waybill unit during the year in improving the sample through office analysis and work with the railroads directed to the improvement of their reporting techniques. Effective controls have been established to check the waybill returns of the carriers. Monthly tabulations are furnished each carrier comparing their sample returns by terminating months with the expected volume. A quarterly tabulation by commodity classes, separated between local and interline terminations, is also compared with the carriers' quarterly reports of freight commodity statistics. In both cases discrepancies are brought to the attention of the individual carriers.

Much credit is due to the carriers for their excellent cooperation in solving the numerous problems which have arisen in establishing the new and unfamiliar procedures required to produce a satisfactory sample of the traffic.

Our expectation with regard to the value of these waybill analyses from the standpoint of our regulatory work has already demonstrated itself in the use which we are able to make of tabulations from these data in connection with various proceedings.

BUREAU OF VALUATION

During the year this Bureau has been engaged principally in bringing to later dates inventories, costs, and other underlying data of railroads for which valuations have been previously made, as required by section 19a (f) of the Interstate Commerce Act; auditing reports covering extensions, improvements, retirements, and other changes; collection of data reflecting changes in land values; and supplying data to carriers, other Government agencies, States, counties, cities, and to the general public.

The Bureau furnished statements of original cost to 11 carriers for use in setting up new investment accounts after reorganizations, consolidations, and mergers of railroad companies, in accordance with our requirements. Past accrued depreciation percentages were furnished to 5 railroads. Initial depreciation rates were supplied to 70 carriers for use in complying with our depreciation orders.

A report of the elements of value was furnished for the Missouri Pacific Reorganization case. Testimony in that case and in the Central Railroad Company of New Jersey reorganization case was presented. The following valuation data that required considerable work were furnished the Bureau of Transport Economics and Statistics: Percentage relationship of cost of reproduction of certain road accounts

to the total of all road accounts; the cost of reproduction, as of December 31, 1946, at 1910-14 prices of class I railways by districts and regions; and the property values of class I switching and terminal properties as of January 1, 1947.

The President of the United States was furnished with a special report of the commercial value of the property of the Inland Waterways Corporation, including the Warrior River Terminal, in compliance with the Denison Act. The Department of Interior was furnished an appraisal of several groups of equipment being considered for purchase for the Alaska Railroad. The Department of Justice was assisted in one condemnation case. Elements of value for all class I railways as of January 1, 1947, by States, were furnished the National Association of Railroad and Utilities Commissioners.

The railroad construction indices prepared annually by the Bureau were revised to include the year 1947. The 1947 composite index for all accounts is 257, the highest in the history of the indices, which go back to the 1910-14 base of 100. The increase in 1947 was 25 points or 10.7 percent.

Work upon carriers by pipe line was suspended in 1944 because of lack of funds. An additional allotment of funds has been made to the Bureau for the fiscal year 1949 for resumption of the work of bringing valuations already made of 65 companies down to December 31, 1947, and to establish initial valuations as of the same date for 10 companies that have come into existence in recent years. Appropriate valuation orders have been served upon the carriers in order to develop information required by us in this valuation work.

Although there has been a slight increase in personnel of the Bureau, the staff is not yet adequate to bring the work to currency.

BUREAU OF WATER CARRIERS AND FREIGHT FORWARDERS

Formerly, and during most of the year covered by this report, the functions of this Bureau included principally (1) the processing of applications filed by water carriers and freight forwarders for operating authority or for exemption, (2) assistance and advice to the Commission and its bureaus on matters relating to the regulation of transportation by water under part III of the act and freight forwarders under part IV thereof, including rates and related matters, and (3) investigations for compliance. These functions have been described in more detail in previous annual reports.

In addition to the above, on July 12, 1948, the Bureau was assigned the administrative work on matters relating to agreements between or among carriers under section 5a of the act (the so-called Reed-Bulwinkle bill). The Bureau's duties with respect to matters arising

under this section are substantially the same as those relating to applications of water carriers and freight forwarders for operating authority.

Section 5a provides that any carrier party to an agreement between or among two or more carriers as defined in the section, relating to rates, fares, classifications, divisions, allowances, or charges (including charges between carriers and compensation paid or received for the use of facilities and equipment), or rules and regulations pertaining thereto, or procedures for the joint consideration, initiation, or establishment thereof, may apply to the Commission for approval of the agreement. The parties to any agreement approved by us under this section and other persons are relieved from the operation of the antitrust laws with respect to the making of the agreement, and the carrying out of the agreement in conformity with such terms and conditions as we may prescribe. It is difficult now to estimate with any degree of accuracy the number of such agreements that will be submitted, but considering the number of existing rate bureaus, committees, conferences, et cetera, applications under this section may be expected to be numerous. To date no applications have been filed. The regulations promulgated by the Commission governing the filing of applications, and the procedure to be followed in processing applications, are discussed elsewhere in this report.

With respect to water-carrier and freight-forwarder matters, applications for authority to extend existing services, institute new operations, or transfer certificates or permits, or for exemption, constantly are being filed. During the year fewer applications for temporary authority to meet emergencies were filed than in the previous year, but the number of these applications was considerably above the annual average. During the year there was a slight reduction in the total number of applications processed. More time and attention than theretofore was devoted to compliance matters, necessitated by postwar conditions. This involved principally violations developed from investigations of informal complaints or by inquiries or investigations instituted through the Bureau's field offices. Much attention was devoted to the services of so-called "pool-car operators" and "shippers' associations," and rulings were issued or proceedings were instituted in certain instances. The comments on the operations of shippers' associations and agents, appearing at page 147 of our last annual report, are pertinent to the conditions which have prevailed during the period covered by this report. Some unlawful operations by water carriers were also developed and appropriate action was taken.

During the year, 550 conferences were held in the Bureau's office in Washington with water-carrier or freight-forwarder representatives and others regarding various matters. The bureau issued 21 proposed reports in water-carrier and freight-forwarder application proceedings, prepared 27 revised reports in cases in which hearings were held by other bureaus, reviewed 18 reports in finance cases involving transfer of operating authority, and prepared 105 memoranda in rate cases.

The Bureau maintains field offices at Chicago, New Orleans, and San Francisco with a district supervisor at each of these places and one at its Washington office. Through its field representatives, constant contact between the Bureau and the transportation agencies and others is maintained for the purpose of accumulating information with respect to matters assigned to the Bureau. The duties of the supervisors also include the investigation of applications for operating authority or for exemption, and of alleged unauthorized operations or other violations of the act. During the year 309 inquiries or investigations were instituted and reports filed thereon by the field representatives, and they participated in 533 conferences.

Since part III of the act became effective, 1,811 applications have been filed for authority to continue, extend, or institute water-carrier operations, or for exemption, of which 1,788 have been disposed of by grant, denial, or dismissal.

The following is a summary of the status of the work on water-carrier applications for the past year:

Water-carrier applications

During period Nov. 1, 1947, to Oct. 31, 1948, inclusive:

Certificates issued:

| | |
|---|----|
| Authorizing continuance under "grandfather" clause..... | 39 |
| Authorizing new operations..... | 38 |
| Authorizing small-craft operations..... | |
| Exemption granted..... | 3 |

Permits issued:

| | |
|---|----|
| Authorizing continuance under "grandfather" clause..... | 10 |
| Authorizing new operations..... | 8 |

Orders issued:

| | |
|------------------------------------|----|
| Granting temporary authority..... | 40 |
| Extending temporary authority..... | 15 |

Substitution applications:

| | |
|---------------|---|
| Approved..... | 1 |
|---------------|---|

Applications dismissed or denied:

| | |
|--|---|
| For exemption..... | 1 |
| For authority to continue operations under "grandfather" clause..... | 6 |
| For authority for new operations..... | 8 |
| For authority for small-craft operations..... | |
| For authority to extend operations..... | 6 |
| For temporary authority..... | 6 |

| | For- mal hear- ing | No for- mal hear- ing | Total |
|--|-----------------------------|--------------------------------|-------|
| Reports issued in connection with applications: | | | |
| On applications for exemption..... | 1 | 1 | 2 |
| On applications to continue operations under "grandfather" clause..... | 7 | 10 | 17 |
| On applications for new authority..... | 19 | 23 | 42 |
| On applications for small craft..... | | | |
| On reconsideration..... | 5 | 1 | 6 |
| Short-form certificates, permits, and orders issued: | | | |
| On applications to continue operations under "grandfather" clause..... | | 35 | 35 |
| On new operation..... | | 16 | 16 |
| On small craft..... | | | |
| On exemption..... | | 2 | 2 |
| Show-cause orders..... | | | |
| Temporary authority orders..... | 1 | 60 | 61 |
| Total number of reports issued..... | 33 | 148 | 181 |
| Applications pending: | | | |
| For authority to continue operations under "grandfather" clause..... | 2 | | 2 |
| For authority for new operations..... | 5 | 3 | 8 |
| For exemption..... | 1 | 1 | 2 |
| For authority to extend operations..... | 5 | 10 | 15 |
| For temporary authority..... | | | |
| Total..... | 13 | 14 | 27 |

In addition to the above, 17 applications for authority to merge or transfer water-carrier operating rights were acted upon during the year. There are now outstanding 278 common-carrier certificates and 66 contract-carrier permits issued to water carriers.

Fourteen applications were filed during the year to engage in freight-forwarder operations. Since part IV was passed in 1942, we have received a total of 217 applications for freight-forwarder permits. Of these, 205 have been disposed of and 12 are pending.

One hundred and sixteen permits have been issued, and we have denied or dismissed 89 applications principally because the operations were exempt or the applicants were subsidiaries seeking authority which would duplicate that of the proprietary forwarder.

LEGISLATIVE RECOMMENDATIONS

1. In our annual reports of the past several years we have recommended a number of amendments to the Interstate Commerce Act deemed to be of a minor or noncontroversial nature. These were covered by paragraphs numbered 1, 2, 3, 4, 5, 8, and 15 on pages 147-9 of our annual report for 1947. Such amendments were proposed in S. 2426 and H. R. 5623 (80th Cong., 2d sess.). We renew our recommendation of these amendments.

2. We recommend that section 411 (c) of the Interstate Commerce Act, making it unlawful for a director, officer, employee, or agent of any common carrier subject to the Interstate Commerce Act or of any person controlling, controlled by, or under common control with such a common carrier, in his or their own personal pecuniary interest,

to own, lease, control, or hold stock in, any freight forwarder, directly or indirectly, be amended so as to permit such ownership, lease, control, or holding upon authorization by order of this Commission, upon due showing that neither public nor private interests will be adversely affected thereby. (See H. R. 3692, 80th Cong., 1st sess.)

3. We recommend that section 411 be amended to provide for the regulation of consolidations and leasing of freight forwarders. (See S. 290 and H. R. 2297, 80th Cong., 1st sess.)

4. We recommend that the Interstate Commerce Act be amended by adding new provisions which would make common carriers by motor vehicle and by water and freight forwarders liable for the payment of damages in reparation awards to persons injured by them through violations of that act. (See H. R. 2335, 80th Cong., 1st sess.)

5. We recommend that the act be amended to provide limitations on the time within which actions may be brought for the recovery of undercharges and overcharges by or against common carriers by motor vehicle and freight forwarders as proposed in H. R. 2759, Eightieth Congress, second session.

6. We recommend that part III of the act be amended by adding after section 312 a new section (312a) containing provisions for revocation of water-carrier certificates or permits similar in substance to those in section 212 (a) of part II and section 410 (f) of part IV.

7. We recommend that the Federal statutes commonly known as the Transportation of Explosives Act (Title 18, U. S. Code, secs. 831-835) be rewritten for the reasons stated under the heading Section of Explosives herein. And in this connection we further recommend that (Public Law 104) The Federal Insecticide, Fungicide and Rodenticide Act be amended to exempt or except shipments of certain industrial poisons in tank cars, cargo tank motor vehicles or cylinders.

8. We recommend that the Commission be given emergency powers with respect to service by motor carriers and water carriers such as it now has with respect to car service by rail carriers.

9. We recommend that section 25 of the Interstate Commerce Act be amended so as to authorize the Commission to require any carrier subject to that section to install and maintain telegraph, telephone, radio, inductive, or other wayside or train communication systems intended to promote safety of railroad operation, and to establish and maintain rules, regulations, and practices with respect to operation of trains intended to promote safety of railroad operation, as proposed in S. 2162 and H. R. 2299, Eightieth Congress, second session.

10. We recommend that the Congress amend the Standard Time Act so as fully to occupy the legislative field respecting standards of time to be observed throughout the Nation as proposed in S. 2226, Eightieth Congress, Second session. We express no opinion, however, on the provision in that bill relating to Nation-wide daylight-saving time.

WILLIAM E. LEE, *Chairman*.

CLYDE B. AITCHISON.

CHARLES D. MAHAFFIE.

CARROLL MILLER.

WALTER M. W. SPLAWN.

JOHN L. ROGERS.

J. HADEN ALLDREDGE.

WILLIAM J. PATTERSON.

J. MONROE JOHNSON.

GEORGE M. BARNARD.*

RICHARD F. MITCHELL.

*Commissioner Barnard died on January 2, 1949. After the adoption of the foregoing report and before it was signed by the Commissioners.

APPENDIX A

SUMMARY OF INDICTMENTS RETURNED AND INFORMATIONS AND COMPLAINTS FILED IN UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1947, AND OCTOBER 31, 1948, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT

United States v. Armour and Co., southern district of Iowa. March 23, 1948, information charging soliciting, accepting, and receiving concessions in handling of livestock; 10 counts.

United States v. Baltimore & O. R. Co., District of Columbia. October 12, 1948, information charging failure to observe demurrage tariffs; 2 counts.

United States v. The Baltimore and O. C. T. R. Co., northern district of Illinois. December 3, 1947, complaint charging violation of Commission's Service Order No. 623; 1 count.

United States v. F. Burkart Mfg. Co., and W. J. McEwen, eastern district of Missouri. November 20, 1947, indictment charging soliciting, accepting, and receiving concessions through misdescription of rope; 10 counts.

United States v. R. F. Burnett, eastern district of Tennessee. September 20, 1948, indictment charging falsification of accounts and annual reports of Smoky Mountain Railroad; 6 counts.

United States v. Chase and Co., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 15 counts.

United States v. Chicago & N. W. Ry. Co., northern district of Illinois. January 19, 1948, complaint charging violation of Commission's Service Order No. 670; 1 count.

United States v. Chicago & N. W. Ry. Co., southern district of Iowa. April 21, 1948, information charging failure to strictly observe published demurrage tariffs; 5 counts.

United States v. Chicago & N. W. Ry. Co., southern district of Iowa. March 23, 1948, information charging offering, granting, and giving concessions in handling of livestock; 10 counts.

United States v. Chicago & N. W. Ry. Co., northern district of Iowa. December 18, 1947, complaint charging violations of Commission's order in Docket No. 28216; 5 counts.

United States v. Chicago & N. W. Ry. Co., district of Nebraska. July 29, 1948, complaint charging violation of Commission's Service Order No. 648; 6 counts.

United States v. Chicago, B. & Q. R. Co., district of Minnesota. March 17, 1948, information charging delivery of shipments without surrender of order bills of lading; 9 counts.

United States v. Chicago, B. & Q. R. Co., district of Nebraska. July 29, 1948, complaint charging violation of Commission's Service Order No. 648; 6 counts.

United States v. Chicago G. W. Ry. Co., northern district of Iowa. December 18, 1947, information charging offering, giving, and granting concessions in handling of livestock; 10 counts.

United States v. Chicago, M., St. P. & P. R. Co., northern district of Iowa. December 18, 1947, information charging offering, giving, and granting concessions and failure to strictly observe published tariffs governing shipments of livestock; 10 counts.

United States v. Chicago, M., St. P. & P. R. Co., district of Minnesota. March 17, 1948, information charging granting and giving concessions through delivery of shipments without surrender of order bills of lading; 10 counts.

United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co., southern district of Iowa. January 14, 1948, information charging violation of Commission's regulations governing the transportation of explosives; 2 counts.

United States v. Chicago, R. I. & P. R. Co., northern district of Illinois. April 23, 1948, complaint charging violation of Agent Kendall's order No. 11 issued under authority of Commission's Service Order No. 534; 10 counts.

United States v. Chicago, R. I. & P. R. Co., eastern district of Arkansas. April 26, 1948, information charging offering, granting and giving concessions through unpublished trap car allowances; 3 counts.

United States v. Chicago, R. I. & P. R. Co., district of Nebraska. July 29, 1948, complaint charging violation of Commission's Service Order No. 648; 6 counts.

United States v. W. A. Cross, southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Dixie-Portland Flour Co., eastern district of Virginia. December 8, 1947, information charging soliciting, accepting, and receiving concessions through manipulation of transit tariffs on shipments of flour and feed; 10 counts.

United States v. Erie R. Co., southern district of New York. October 6, 1948, information charging granting concessions through device of failing to collect storage charges; 2 counts.

United States v. Everglades Growers Cooperative, southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Illinois Central R. Co., eastern district of Illinois. July 23, 1948, information charging violation of Commission's regulations governing the transportation of explosives; 5 counts.

United States v. Illinois Central R. Co., northern district of Illinois. February 11, 1948, information charging falsification of records on shipments of livestock; 10 counts.

United States v. Illinois Central R. Co., northern district of Iowa. December 18, 1947, complaint charging violations of Commission's order in Docket No. 28216; 5 counts.

United States v. Illinois Central R. Co., district of Nebraska. July 29, 1948, complaint charging violation of Commission's Service Order No. 648; 4 counts.

United States v. Guy A. Thompson, Trustee, International Great Northern R. Co., western district of Texas. November 4, 1947, information charging violation of Commission's regulations governing the transportation of explosives; 2 counts.

United States v. Lake Okeechobee Farmers Cooperative, southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Miller Waste Mills, Inc., district of Minnesota. March 17, 1948, information charging soliciting, accepting, and receiving concessions through delivery, without surrender of delivery orders, of advise shipments; 10 counts.

United States v. Guy A. Thompson, Trustee, Missouri Pac. R. Co., eastern district of Arkansas. April 26, 1948, information charging offering, granting, and giving concessions through unpublished trap car allowances; 3 counts.

United States v. Guy A. Thompson, Trustee, Missouri Pac. R. Co., district of Nebraska. July 29, 1948, complaint charging violation of Commission's Service Order No. 648; 6 counts.

United States v. New York Central R. Co., northern district of New York. April 7, 1948, information charging violation of Commission's regulations governing the transportation of explosives; 1 count.

United States v. Northern Pac. Ry. Co., district of Minnesota. February 5, 1948, information charging violation of Commission's regulations governing the transportation of explosives; 2 counts.

United States v. Pennsylvania R. Co., northern district of Ohio. November 10, 1947, information charging violation of Commission's regulations governing the transportation of explosives; 2 counts.

United States v. Pioneer Growers, Inc., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Pope-Johnson Co., Inc., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Harold Rabin Co., Inc., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Southern Pac. Co., northern district of California. November 25, 1947, information charging falsification of demurrage records; 10 counts.

United States v. Curtis A. Thompson, southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Toledo, P. and W. R. Co., southern district of Illinois. August 17, 1948, information charging granting and giving concessions through failure to collect switching and demurrage charges; 10 counts.

United States v. Unity Farms, Inc., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. W. H. Vann, Inc., southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

United States v. Wabash R. Co., eastern district of Missouri. November 20, 1947, indictment charging offering, granting and giving concessions on shipments misdescribed as old rope; 10 counts.

United States v. H. H. Wedgworth's Estate, southern district of Florida. October 22, 1948, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars; 10 counts.

SUMMARY OF CASES CONCLUDED IN THE UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1947, AND OCTOBER 31, 1948, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT.

United States v. Baltimore & O. R. Co., District of Columbia, information charging failure to observe demurrage tariffs. October 12, 1948, plea of *nolo contendere* and fine of \$2,000 imposed.

United States v. Baltimore & O. R. Co., district of Maryland, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. June 6, 1947, confession of judgment entered and penalty of \$1,200 imposed.

United States v. The Baltimore and O. C. T. R. Co., northern district of Illinois, complaint charging violation of Commission's Service Order No. 623. December 3, 1947, confession of judgment entered and penalty of \$800 imposed.

United States v. Robert Berman, Ethel Berman, and Fred Berman, northern district of Alabama, indictment charging soliciting, accepting, and receiving concessions through false description of airplane landing mats. October 31, 1947, pleas of guilty entered as to Robert and Fred Berman and *nolle prosequi* as to Ethel Berman. December 23, 1947, *nolle prosequi* entered as to Fred Berman. Plea of guilty by Robert Berman changed to *nolo contendere* and fine of \$4,000 imposed.

United States v. F. Burkart Mfg. Co., and W. J. McEwen, eastern district of Missouri, indictment charging soliciting, accepting, and receiving concessions through misdescription of rope. April 16, 1948, indictment stricken as to defendant McEwen and plea of *nolo contendere* entered as to F. Burkart Mfg. Co., fine of \$1,000 imposed.

United States v. Chicago & N. W. Ry. Co., district of Nebraska, complaint charging violations of Commission's Service Order No. 648. September 21, 1948, judgment for plaintiff in the amount of \$500.

United States v. Chicago & N. W. Ry. Co., northern district of Iowa, complaint charging violations of Commission's order in Docket No. 28216. May 4, 1948, stipulation and confession of judgment filed. Judgment in the amount of \$5,000.

United States v. Chicago, B. & Q. R. Co., district of Minnesota, information charging delivery of shipments without surrender of order bills of lading. June 15, 1948, plea of guilty entered and fine of \$1,000 imposed.

United States v. Chicago, B. & Q. R. Co., district of Nebraska, complaint charging violations of Commission's Service Order No. 648. October 9, 1948, judgment for plaintiff in the amount of \$500.

United States v. Chicago G. W. Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 12, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Chicago G. W. Ry. Co., northern district of Iowa, information charging offering, giving, and granting concessions in handling of livestock. April 5, 1948, plea of *nolo contendere* and fine of \$2,000 imposed.

United States v. Chicago, M., St. P. & P. R. Co., eastern district of Wisconsin, information charging granting of concessions through unlawful extension of credit. December 8, 1947, plea of guilty entered and fine of \$1,000 imposed.

United States v. Chicago, M., St. P. & P. R. Co., northern district of Iowa, information charging offering, giving, and granting concessions and failure to strictly observe published tariffs governing shipments of livestock. April 5, 1948, plea of *nolo contendere* and fine of \$2,000 imposed.

United States v. Chicago, M., St. P. & P. R. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 17, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Chicago, M., St. P. & P. R. Co., district of Minnesota, information charging granting and giving concessions through delivery of shipments without surrender of order bills of lading. June 15, 1948, plea of guilty entered and fine of \$1,000 imposed.

United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. Ry. Co., district of Minnesota, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. February 2, 1948, judgment entered in the amount of \$600.

United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co., district of Kansas, information charging violation of Commission's regulations governing the transportation of explosives. December 8, 1947, plea of guilty entered and fine of \$200 imposed.

United States v. Chicago, R. I. & P. R. Co., district of Nebraska, complaint charging violations of Commission's Service Order No. 648. September 27, 1948, judgment for plaintiff in the amount of \$500.

United States v. Chicago, R. I. & P. R. Co., eastern district of Arkansas, information charging offering, granting, and giving concessions through unpublished trap car allowances. April 26, 1948, plea of *nolo contendere* entered and fine of \$1,000 imposed.

United States v. Chicago, St. P., M. & O. Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 15, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Dixie-Portland Flour Co., eastern district of Virginia, information charging soliciting, accepting, and receiving concessions through manipulation of transit tariffs on shipments of flour and feed. October 11, 1948, plea of guilty and fine of \$10,000 imposed.

United States v. Erie R. Co., southern district of New York, information charging granting and giving of concessions through device of failing to collect storage charges. October 6, 1948, plea of guilty entered and fine of \$2,000 imposed.

United States v. Great Northern Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 15, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Great Northern Ry. Co., district of North Dakota, information charging violation of Commission's regulations governing the transportation of explosives. December 8, 1947, plea of guilty entered and fine of \$100 imposed.

United States v. Vincent A. Guercio, eastern district of Louisiana, indictment charging solicitation of concessions by obtaining delivery of advise shipments without surrender of delivery orders. January 31, 1948, plea of *nolo contendere* entered and fine of \$1,000 imposed.

United States v. Illinois Central R. Co., district of Nebraska, complaint charging violations of Commission's Service Order No. 648. September 27, 1948, judgment for plaintiff in the amount of \$300.

United States v. Illinois Central R. Co., eastern district of Illinois, information charging violation of Commission's regulations governing the transportation of explosives. September 21, 1948, plea of guilty entered and fine of \$400 imposed.

United States v. Illinois Central R. Co., northern district of Iowa, complaint charging violations of Commission's order in Docket 28216. May 11, 1948, judgment entered in favor of plaintiff in the amount of \$10,000.

United States v. Illinois Central R. Co., northern district of Illinois, information charging falsification of records on shipments of livestock. February 11, 1948, plea of guilty entered and fine of \$2,500 imposed.

United States v. Guy A. Thompson, Trustee, International Great Northern R. Co., western district of Texas, information charging violation of Commission's regulations governing the transportation of explosives. December 17, 1947, plea of guilty entered and fine of \$100 imposed.

United States v. Lehigh Valley R. Co., southern district of New York, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. October 14, 1947, stipulation for judgment entered and penalty of \$500 imposed.

United States v. Long Island R. Co., southern district of New York, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. October 14, 1947, stipulation for judgment entered and penalty of \$1,000 imposed.

United States v. Miller Waste Mills, Inc., district of Minnesota, information charging soliciting, accepting and receiving concessions through the device of unlawfully accepting extension of credit on advise shipments. June 15, 1948, plea of guilty entered and fine of \$2,000 imposed.

United States v. The Minneapolis & St. L. Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 12, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Minneapolis, St. P. & S. S. M. R. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 15, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Minneapolis, St. P. & S. S. M. R. Co., district of Minnesota, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. March 15, 1948, stipulation of judgment entered and penalty of \$400 imposed.

United States v. The Minnesota Transfer Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. March 12, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Guy A. Thompson, trustee Missouri Pac. R. Co., district of Nebraska, complaint charging violations of Commission's Service Order No. 648. September 27, 1948, judgment for plaintiff in the amount of \$500.

United States v. Guy A. Thompson, Trustee, Missouri Pac. R. Co., eastern district of Arkansas, information charging offering, granting, and giving concessions through unpublished trap car allowances. April 26, 1948, plea of *nolo contendere* entered and fine of \$1,000 imposed.

United States v. Peter X. Monteleone, eastern district of Louisiana, indictment charging solicitation of concessions by obtaining delivery of advise shipments without surrender of delivery orders. January 31, 1948, plea of *nolo contendere* entered and fine of \$1,000 imposed.

United States v. Joseph J. Monteleone, eastern district of Louisiana, indictment charging delivery of concessions by obtaining delivery of advise shipments without surrender of delivery orders. January 31, 1948, plea of *nolo contendere* entered and fine of \$1,000 imposed.

United States v. New York Central R. Co., southern district of New York, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. October 14, 1948, stipulation of judgment entered and penalty of \$1,000 imposed.

United States v. New York Central R. Co., northern district of New York, information charging violation of Commission's regulations governing the transportation of explosives. April 26, 1948, plea of guilty entered and fine of \$200 imposed.

United States v. The New York, Chicago and St. Louis R. Co., northern district of Ohio, complaint charging violations of Commission's Service Order No. 436. March 15, 1948, judgment entered in the amount of \$1,000.

United States v. Northern Pac. Ry. Co., district of Minnesota, complaint charging violations of Commission's Service Order No. 244. May 14, 1948, judgment for plaintiff in the amount of \$1,000.

United States v. Northern Pac. Ry. Co., district of North Dakota, information charging violation of Commission's regulations governing the transportation of explosives. December 8, 1947, plea of guilty entered and fine of \$400 imposed.

United States v. Northern Pac. Ry. Co., district of Minnesota, information charging violation of Commission's regulations governing the transportation of explosives. March 12, 1948, plea of guilty entered and fine of \$200 imposed.

United States v. Pacific Portland Cement Co., district of Nevada, information charging soliciting and accepting of concessions in failing to pay applicable demurrage charges. December 12, 1947, plea of *nolo contendere* and fine of \$5,000 imposed.

United States v. Pennsylvania R. Co., northern district of Ohio, information charging violation of Commission's regulations governing the transportation of explosives. February 9, 1948, plea of *nolo contendere* entered and fine of \$200 imposed.

United States v. Pennsylvania-Reading Seashore Lines, eastern district of Pennsylvania, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. September 23, 1947, judgment entered in the amount of \$500.

United States v. Southern Ry. Co., District of Columbia, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. July 16, 1947, judgment entered in the amount of \$900.

United States v. Southern Ry Co., District of Columbia, complaint charging violations of Commission's Service Order No. 422 through failure to unload boxcars. January 16, 1948, confession of judgment entered and penalty of \$1,000 imposed.

United States v. Southern Pac. Co., northern district of California, information charging falsification of demurrage records. January 19, 1948, plea of *nolo contendere* and fine of \$5,000 imposed.

United States v. Chester Claude Stetfelt and Barbara Ann Brill, northern district of California, information charging unlawful use of pass. November 3, 1947, plea of guilty entered and fine of \$250 imposed on each defendant.

United States v. Moses Temerson, Jacob Temerson, and Abraham Temerson, northern district of Alabama, indictment charging soliciting, accepting, and receiving concessions by falsely describing shipments of airplane landing mats. November 14, 1947, plea of *nolo contendere* by Abraham Temerson. January 9, 1948, fine of \$1,750, imposed on Abraham Temerson, and indictments against Moses and Jacob Temerson *nolle prosequi*.

United States v. Union Pac. R. Co., district of Oregon, information charging violations of Commission's regulations governing the transportation of explosives. March 19, 1948, plea of *nolo contendere* entered and fine of \$100 imposed.

United States v. Union Pac. R. Co., district of Nebraska, complaint charging violations of Agent Taylor's order No. 413 issued under Commission's Service Order No. 95. November 19, 1947, judgment entered in the amount of \$600.

United States v. Saul C. and Ruben Weinstein, northern district of New York indictment charging soliciting, accepting, and receiving concessions through misdescription of airplane engines. April 26, 1948, plea of guilty entered as to both defendants and fine of \$2,000 imposed on Saul C. Weinstein and \$1,000 on Ruben Weinstein.

APPENDIX B

SUMMARIES SHOWING ACTION TAKEN SINCE THE PERIOD COVERED BY THE LAST ANNUAL REPORT WITH RESPECT TO CASES INVOLVING ORDERS AND REQUIREMENTS OF THE COMMISSION AND STATUS ON OCTOBER 31, 1948, OF CASES PENDING IN THE COURTS

CASES DECIDED BY THE COURTS SINCE OCTOBER 31, 1947

SUPREME COURT OF THE UNITED STATES

James F. Morris v. McComb, Administrator.

For case history see 1947 Annual Report, page 160. On November 17, 1947, the Commission's authority over mechanics and drivers was sustained (332 U. S. 422).

United States v. Baltimore & Ohio R. Co.

United States v. Cleveland Union Stock Yards Co.

For case history see 1947 Annual Report, page 158. On March 8, 1948, judgment of the lower court was reversed and the Commission's order sustained (333 U. S. 169).

Albert E. Schwabacher v. United States.

For case history see 1947 Annual Report, page 158. On May 3, 1948, judgment of district court was reversed (72 Fed. Supp. 560), and the case remanded to the Commission for reconsideration in conformity with the principles outlined in the decision of the Supreme Court (334 U. S. 182).

North Pier Terminal Co. v. Interstate Commerce Commission.

Suit by the Commission against the North Pier Terminal Co. and certain motor carriers using its properties to enjoin payment of 4 cents per 100 pounds made by 20 motor carriers to Terminal Co. for services in assembling and handling freight of shippers who are tenants of the Terminal Co., for shipment by the respective carriers, without having any tariff on file with the Commission to provide for such payment. On October 17, 1946, the complaint was filed in the district court, and on May 5, 1947, findings of fact and conclusions of law were filed and judgment decreed in favor of Commission. On June 13, 1947, the case was appealed to the Circuit Court of Appeals, Seventh Circuit, and on November 19, 1947, judgment of the district court was affirmed. 164 F. 2d 640. On April 9, 1948, petition for certiorari was filed in the Supreme Court, and on May 10, 1948, certiorari was denied (334 U. S. 815).

R. Q. Black, dba Superior Trucking Co. v. Interstate Commerce Commission.

Petition for writ of certiorari to review a decision of Circuit Court of Appeals, Fifth Circuit (167 Fed. (2d) 825), wherein that court held that a certificate of public convenience and necessity authorizing a carrier to transport "machinery and machinery parts" does not confer the right to transport automobile parts. On June 25, 1948, petition for certiorari was filed, on August 16, 1948, the Commission's brief in opposition was filed, and on October 11, 1948, petition was denied.

DISTRICT COURTS OF THE UNITED STATES

Ayrshire Collieries Corporation v. United States.

Chicago, M., St. P. & P. R. Co. v. United States, southern district of Indiana, Indianapolis division.

For case history see 1947 Annual Report, page 156. On November 27, 1947, final decree, dismissing the complaints and sustaining the Commission's order was entered by the court, and on February 24, 1948, the cases were docketed on appeal to the Supreme Court.

United States Smelting Refining and Mining Co., a Corporation, v. United States, district of Utah, central division.

For case history see 1947 Annual Report, page 161. On November 14, 1947, the Commission's order was temporarily enjoined as beyond its authority, and the proceeding remanded to the Commission. On October 18, 1948, after argument, the Commission's order was permanently enjoined.

Bingham & Garfield Ry. Co. v. United States, district of Utah, central division.

For case history see 1947 Annual Report, page 161. On November 14, 1947, the Commission's order was temporarily enjoined as beyond its authority, and the proceeding remanded to the Commission. On October 18, 1948, after argument, the Commission's order was permanently enjoined.

Palmer, et al., Trustees, New York, N. H. & H. R. Co., debtor, et al. v. United States, District of Columbia.

For case history see 1947 Annual Report, page 162. On November 21, 1947, the Commission's order was held invalid (75 Fed. Supp. 63), and on January 8, 1948, the case was discontinued due to the Commission's decision not to appeal.

Lang Transportation Corporation v. United States, southern district of California, central division.

For case history see 1947 Annual Report, page 161. On January 5, 1948, the Commission's order was sustained (75 Fed. Supp. 915), and on May 25, 1948, the case was discontinued because not appealed within the time prescribed by law.

Anaconda Copper Mining Co. v. United States, district of Montana.

For case history see 1947 Annual Report, page 161. On February 19, 1948, final decree, findings of fact, and conclusions of law, were entered by the court, dismissing the complaint (77 Fed. Supp. 611), and on April 19, 1948, the case was discontinued because not appealed within the time prescribed by law.

Riss & Co., Inc., a Corporation, v. United States, western district of Missouri, western division.

For case history see 1947 Annual Report, page 162. On February 9, 1948, plaintiff's motion to dismiss was denied by the court.

Inland Navigation Co., a Corporation, v. United States, eastern district of Washington.

For case history see 1947 Annual Report, page 160. On March 8, 1948, the bill of complaint was dismissed and the Commission's order sustained, (76 F. Supp. 567) and on August 9, 1948, the case was discontinued because not appealed within the time prescribed by law.

Ontario Freight Lines Corporation, v. United States, district of New Jersey.

For case history see 1947 Annual Report, page 161. On March 22, 1948, the bill of complaint was dismissed and the Commission's order sustained (76 Fed. Supp. 526). On July 13, 1948, the case was discontinued because not appealed within the time prescribed by law.

Inter-City Transp. Co., Inc., v. United States, district of New Jersey.

Suit to set aside Commission's report of January 2, 1947 (reconsideration denied December 4, 1947), in Docket No. MC-3647 (Sub-No. 56), *Public Service Interstate Transportation Co. Extension—Little Falls, N. J.*, finding that public convenience and necessity required operation by applicant in interstate or foreign commerce, as a common carrier by motor vehicle of passengers and their baggage, and of express and newspapers in the same vehicle with passengers, between Little Falls and Union City, N. J., over a regular route, serving intermediate points. On January 14, 1948, the bill of complaint was filed, and on April 13, 1948, the Commission's order was sustained and the complaint dismissed. On July 1, 1948, the case was discontinued because not appealed within the time prescribed by law.

Hudson Transit Lines, Inc., v. United States, southern district of New York.

Suit to set aside Commission's order of July 8, 1947, in Docket No. MC-2835 (Sub-No. 10), *Application of Adirondack Transit Lines, Inc. Extension—Lincoln Tunnel*, approving an application for extending motorbus service from New York and New Jersey points to New York City via the Lincoln Tunnel. On December 15, 1947, the complaint was filed, and on April 16, 1948, the Commission's order was set aside.

Boulevard Transit Lines, Inc., v. United States, district of New Jersey.

For case history see 1947 Annual Report, page 163. On May 5, 1948, the decision of the Commission was sustained (77 Fed. Supp. 594), and on July 13, 1948, the case was discontinued because not appealed within the time prescribed by law.

United States v. United States and Interstate Commerce Commission, District of Columbia.

Suit to set aside Commission's order of July 25, 1947, in Docket No. 29117, *United States of America v. Aberdeen & Rockfish R. R. Co., et al.*, finding that the railroad's failure to make complainant an allowance for wharfage and handling incident to shipside receipt and delivery of the latter's export, import, coastwise, and intercoastal freight at Army Base Piers 1 and 2, at Norfolk, Va., or to furnish wharfage and perform the handling service themselves, was not an unjust and unreasonable practice, or resulted in unjust discrimination in violation of sections 1 and 2 of the Interstate Commerce Act, and directing dismissal of the complaint. On November 20, 1947, the complaint was filed, and on June 28, 1948, the complaint was dismissed by the court on jurisdictional grounds, and on September 30, 1948, the case was docketed on appeal to the Supreme Court.

Brady Transfer & Storage Co. v. United States, southern district of Iowa, central division.

Suit to set aside Commission's report of February 3, 1947, in Docket No. MC-C-246, 47 M. C. C. 23 (petition for rehearing denied March 8, 1948), wherein the Commission issued a cease and desist order against respondents for conducting unauthorized regular-route operations as a common carrier by motor vehicle between St. Paul and Minneapolis, Minn., and Fort Dodge and Spencer, Iowa. On April 14, 1948, the complaint was filed, and on September 3, 1948, the Commission's order was sustained and the complaint dismissed. On Nov. 4, 1948 the case was docketed on appeal to the Supreme Court.

Jesse O. Willett, dba J. O. Willett, v. United States, western district of Louisiana, Monroe Division.

Suit to set aside report of division 4, dated September 8, 1947, denying joint application in Dockets No. MC-F-3396 and MC-F-3399, for purchase of plaintiff's oil-field hauling rights between points in southwestern United States. On April 28, 1948, the complaint was filed, and on September 28, 1948, the Commission's order was sustained (79 Fed. Supp. 854).

Elmer W. Henderson v. United States, district of Maryland.

Suit to set aside Commission's order of September 5, 1947, in Docket No. 28895, *Elmer W. Henderson v. Southern Ry. Co.*, wherein the Commission found upon further hearing that defendant's present regulations requiring separate accommodations for white and negro patrons of its dining cars are not in violation of the Interstate Commerce Act and dismissed the complaint. On December 11, 1947, the complaint was filed, and on September 27, 1948, the Commission's order was sustained.

Jim Anderson v. Chester F. Hanely, District Supervisor, Interstate Commerce Commission, western district of Oklahoma.

For case history see 1947 Annual Report, page 161, and page 144, this volume.

Capital Transit Co., a Corporation, v. Flanagan. District of Columbia.

Suit under Federal Declaratory Judgment Act and Administrative Procedure Act to restrain defendants from bringing any action against plaintiff under sections 222 (a) and 222 (b) of the Interstate Commerce Act, for failure of complainant to comply with an order of the Interstate Commerce Commission dated May 9, 1948, in Docket No. MC-C-891, and Commission orders dated June 22, 1945 and July 7, 1948, in Docket No. 28991, fixing joint fares for transportation between Washington, D. C., and nearby Virginia points. On July 21, 1948, the complaint was filed, and on July 28, 1948, an interlocutory injunction was denied. On October 5, 1948, the case was dismissed as to the Interstate Commerce Commission and individual commissioners.

Capital Transit Co., a Corporation, v. United States. District of Columbia.

Suit to set aside Commission's orders of June 22, 1945 and July 7, 1948, in Docket No. 28991, *Passenger Fares between the District of Columbia and Nearby Virginia* insofar as such orders require plaintiff to establish, maintain, and apply joint fares with the Alexandria, Barcroft & Washington Transit Co., and Washington, Virginia & Maryland Coach Co., Inc., for the transportation of passengers by plaintiff within the District of Columbia, and insofar as such orders prescribe a just division of such fares for plaintiff. On July 26, 1948, the bill of complaint was filed, and on August 2, 1948, after argument, an interlocutory injunction was granted.

CASES DISCONTINUED

CIRCUIT COURT OF HENRY COUNTY, ILL.

Allen R. Mathis v. Hooppole, Yorktown & Tampico R. R. Co., Illinois Commerce Commission, and Interstate Commerce Commission.

For case history see 1947 Annual Report, page 162. On March 22, 1948, the case was dismissed by the court as to the Interstate Commerce Commission.

DISTRICT COURTS OF THE UNITED STATES

Palmer, et al., Trustees, New York, N. H. & H. R. Co., debtor, et al. v. United States, District of Columbia.

For case history see page 142, this volume.

Jim Anderson v. Chester F. Hanely, District Supervisor, Interstate Commerce Commission, western district of Oklahoma.

For case history see 1947 Annual Report, page 161. On November 29, 1947, the suit was dismissed (1) because one against the Government, which has not consented to be sued in this form of action, and (2) because plaintiff has an adequate remedy at law.

Herrin Transp. Co. v. United States, southern district of Texas, Dallas division.

For case history see 1947 Annual Report, page 163. On December 1, 1947, the case was dismissed by the court on stipulation of all parties.

Hudson Transit Lines, Inc., v. United States, district of New Jersey.

Suit to set aside Commission's order of July 8, 1947, in Docket No. MC-2835 (Sub-No. 10), *Application of Adirondack Transit Lines, Inc., Extension—Lincoln Tunnel*, approving an application for extending motorbus service from New York and New Jersey points in New York City via the Lincoln Tunnel. On November 24, 1947, the bill of complaint was filed, and on December 17, 1947, the case was dismissed by the court on stipulation of the parties for lack of venue.

Asbury Park-New York Transit Corporation v. United States, southern district of New York.

For case history see 1945 Annual Report, page 131. On January 26, 1948, the case was dismissed by the court on stipulation of the parties.

All States Freight, Inc. v. United States, northern district of Ohio, eastern division.

For case history see 1947 Annual Report, page 160. On February 25, 1948, the case was dismissed by the court due to filing of petition by plaintiff for reopening and rehearing of the proceeding by the Commission.

Chicago, Duluth & Georgian Bay Transit Co. v. United States, eastern district of Michigan, southern division.

For case history see 1947 Annual Report, page 162. On February 24, 1948 an order of dismissal was entered by the court.

Anaconda Copper Mining Co. v. United States, district of Montana. For case history see page 142, this volume.

Simms Motor Freight, Inc. v. United States, northern district of Illinois, eastern division.

For case history see 1947 Annual Report, page 162. On May 10, 1948, the case was dismissed by the court on stipulation of the parties.

The Long Island R. R. Co. v. United States, southern district of New York.

For case history see 1947 Annual Report, page 162. On May 13, 1948, the case was dismissed by the court on stipulation of the parties.

Montgomery Ward & Co., Inc., v. United States, northern district of Illinois, eastern division.

For case history see 1947 Annual Report, page 163. On May 17, 1948, the case was dismissed by the court on its own motion for want of jurisdiction.

Lang Transportation Corporation v. United States, southern district of California, central division.

For case history see 1947 Annual Report, page 161, and page 142, this volume.

Boulevard Transit Lines, Inc., v. United States, district of New Jersey.

For case history see page 142, this volume.

Inter-City Transp. Co., Inc. v. United States, district of New Jersey.

For case history see page 142, this volume.

Ontario Freight Lines Corporation v. United States, district of New Jersey.

For case history see page 142, this volume.

Capital Transit Co. v. United States, District of Columbia.

Suit to set aside decision of division 5 in Docket No. MC-37078 (Sub-No. 12), *Harry V. Dawson Extension—Wheaton*, dated December 30, 1947, (petition for rehearing denied May 3, 1948), finding public convenience and necessity require operation by applicant, as a common carrier by motor vehicle of passengers, et cetera, between Wheaton and Four Corners, Md., serving all intermediate points. On May 21, 1948, the bill of complaint was filed, and on July 1, 1948, the case was dismissed on stipulation of the parties.

Inland Navigation Co., a Corporation, v. United States, eastern district of Washington, southern division.

For case history see page 142, this volume.

T. E. Collins and B. E. Collins, dba Collins Trucking Co. v. United States, western district of Louisiana, Shreveport division.

Suit to set aside, in part, Commission's order in Ex Parte No. MC-2, *Motor Carrier Safety Regulations, Revised*, insofar as the rules prescribed thereby are attempted to be applied to plaintiff, a common carrier by motor vehicle of oil-field equipment transported in interstate or foreign commerce, on call and demand, over irregular routes. On November 24, 1947, the complaint was filed, and on September 2, 1948, the court dismissed the case on plaintiff's motion.

The States of Alabama and Georgia, et al. v. United States, northern district of Alabama, middle division.

Suit to set aside Commission's report and certificate of July 28, 1948, in F. D. No. 15534, *Southern Railway Company Abandonment*, wherein the Commission permitted the Southern Railway Co. to abandon a portion of its Rome, Ga.-Gadsden, Ala., line. On September 24, 1948, the petition was filed, and on September 27, 1948, it was withdrawn.

Capital Transit Co., a Corporation, v. Flanagan, District of Columbia.

Suit under Federal Declaratory Judgment Act and Administrative Procedure Act to restrain defendants from bringing any action against plaintiff under sections 222 (a) and 222 (b) of the Interstate Commerce Act, for failure of complainant to comply with an order of the Interstate Commerce Commission dated May 9, 1948, in Docket No. MC-C-891, and Commission orders dated June 22, 1945, and July 7, 1948, in Docket No. 28991, fixing joint fares for transportation between Washington, D. C. and nearby Virginia points. On July 21, 1948, the complaint was filed, and on October 5, 1948, the case was dismissed as to the Interstate Commerce Commission and individual Commissioners.

Interstate Commerce Commission v. Capital Transit Co., a Corporation, District of Columbia.

On July 24, 1948, complaint was filed by the Commission under section 222 (b) of the Interstate Commerce Act to restrain defendant from ceasing to honor and accept joint fares between the Capital Transit Co. and Virginia Motor Lines, pursuant to orders of the Commission in Docket No. 28991, *Passenger Fares between the District of Columbia and Nearby Virginia*, pending determination by the court of the case of *Capital Transit Co. v. Flanagan, et al.*, under hearing in the same court. Motion for temporary restraining order filed, and on August 6, 1948, motion to dismiss was filed on behalf of the Commission. On October 5, 1948, the case was discontinued pursuant to stipulation of counsel.

CASES PENDING

SUPREME COURT OF THE UNITED STATES

Ayrshire Collieries Corp. v. United States.

Chicago, M., St. P. & P. R. Co. v. United States.

For case history see 1947 Annual Report, page 156, and page 141, this volume.

United States v. Interstate Commerce Commission.

For case history see page 143, this volume.

Urie v. Thompson, Trustee, Missouri Pacific R. Co.

Petition for writ of certiorari to review a decision of the Supreme Court of Missouri (210 S. W. (2d) 98), decided March 8, 1948, holding that a locomotive fireman could not recover damages for silicosis from railroad allegedly violating the Boiler Inspection Act by permitting particles of sand to penetrate the locomotive cab, since silicosis is not within purview of the Boiler Inspection Act, which is aimed at promoting safety from accidental injury, as distinguished from injury due to inhaling harmful dust. On October 11, 1948 writ granted and Interstate Commerce Commission invited to express its views.

CIRCUIT COURT OF APPEALS, SEVENTH CIRCUIT

Baltimore & Ohio R. Co. v. Chicago River & Indiana R. Co.

Suit to enjoin and restrain violation by defendants of Commission's order of May 16, 1922, authorizing, subject to certain conditions, acquisition by New York Central of Chicago River & Indiana by purchase of latter's capital stock, and acquisition by Chicago River & Indiana of control, of lease, of Chicago Junction R. R. On February 12, 1946, complaint was filed, and on March 14, 1946, order granting injunction against defendants was entered. On March 18, 1946, motion of Brotherhood of Railroad Trainmen to file special appearances and motion to vacate temporary injunction denied. On November 7, 1946, motions of the brotherhood were denied; reversed by Circuit Court of Appeals, Seventh Circuit (156 Fed. (2d) 357). On January 6, 1947, appeal to United States Supreme Court of the brotherhood from orders denying intervention and vacation of appeal filed. Order entered June 9, 1947, denying intervention of the brotherhood reversed (331 U. S. 519). Order entered December 1, 1947, granting leave to Chicago Junction Ry. to withdraw its motions to dismiss complaints of plaintiffs and to file instant, its answer to complaints of plaintiffs and complaint of Interstate Commerce Commission. Order entered February 26, 1948, denying motion of the brotherhood to vacate preliminary injunction, to assess damage against plaintiffs, and for a summary judgment in favor of the brotherhood. On June 28, 1948, the case was docketed in the Circuit Court of Appeals, Seventh Circuit, and on October 18, 1948, was argued and submitted to that court.

SUPREME COURT, STATE OF NEW YORK, COUNTY OF NEW YORK

Fashion Fit Knitwear Co., Inc. v. Bleich.

Suit to set aside, annul, and suspend orders of the Interstate Commerce Commission, dated January 26, 1948, and May 6, 1948, approving transfer of a permit issued to Julius Bleich, dba New York-Philadelphia Dispatch, to defendant, New England Forwarding Co., in Docket No. FF-96. On October 15, 1948, the complaint was served on the Commission.

DISTRICT COURTS OF THE UNITED STATES

Shawmut Transportation Co., Inc., v. United States, district of Massachusetts.

For case history see 1945 Annual Report, page 129.

J. M. Stearn and Dan Hartman v. United States, western district of Virginia.

For case history see 1946 Annual Report, page 134. On August 26, 1948, plaintiffs filed an amended bill of complaint following denial by the Commission of petition for reconsideration, by order dated October 29, 1947.

International Ry. Co. v. United States, western district of New York.

For case history see 1946 Annual Report, page 135.

Middle Atlantic States Motor Carrier Conference, Inc., v. United States, district of Delaware.

For case history see 1946 Annual Report, page 136.

Great Lakes Steel Corporation v. United States, eastern district of Michigan, southern division.

For case history see 1947 Annual Report, page 161.

United States Smelting Refining & Mining Co., a Corporation, v. United States, district of Utah, central division.

For case history see page 142, this volume.

Bingham & Garfield Ry. Co. v. United States, district of Utah, central division.

For case history see page 142, this volume.

Capital Transit Co., a Corporation v. United States, District of Columbia.

For case history see 1947 Annual Report, page 162.

Riss & Co., Inc., a Corporation, v. United States, western district of Missouri, western division.

For case history see 1947 Annual Report, page 162.

Elmer W. Henderson v. United States, district of Maryland.

For case history see page 143, this volume.

Hudson Transit Lines, Inc., v. United States, southern district of New York.

For case history see page 142, this volume.

Riss & Co. v. United States, western district of Missouri, western division.

Suit to set aside certain portions of the Commission's report of January 29, 1940, in Docket No. MC-200 and MC-200 (Sub-No. 7), *Riss & Co. Common Carrier Application*, 21 M. C. C. 521, insofar as it denied applicant a certificate of public convenience and necessity for carriage of general commodities between the points, over the routes, and within the territory designated in the application. On January 23, 1948, the complaint was filed, and on March 26, 1948, the Commission's answer was filed.

Consolidated Freightways, Inc., v. United States, eastern district of Washington.

Suit by competing motor carriers to set aside Commission's order of August 13, 1947, in Docket No. MC-7746 (Sub-No. 18), *United Truck Lines, Inc. Extension—Boise*, authorizing extension of operations over a regular route between Spokane, Wash., and Boise, Idaho. On February 25, 1948, the complaint was filed, and on April 9, 1948, the Commission's answer was filed.

St. Johnsbury Trucking Co. v. United States, district of Vermont.

Suit to set aside Commission's report and order of March 7, 1947, (petition for rehearing denied April 7, 1947), in Docket No. MC-26056 (Sub-No. 1), *Marvin J. Hagis and Kneeland G. Nichols Extension—Vermont and New Hampshire*, finding that public convenience and necessity required operation by applicant, in interstate or foreign commerce, as a common carrier by motor vehicle, of general commodities, with exceptions, between certain points in Massachusetts, Vermont and New Hampshire, over regular routes, serving certain intermediate and off-route points. On December 31, 1947, the complaint was filed, and on March 1, 1948, the Commission's answer was filed.

Jesse O. Willett, dba J. O. Willett, v. United States, western district of Louisiana, Monroe division.

For case history see page 143, this volume.

State of Texas v. United States, western district of Oklahoma.

Suit to set aside Commission's decision of March 3, 1947, in Docket No. 29354, *Corporation Commission, State of Oklahoma, et al. v. Missouri Pac. R. Co., et al.*, as amended by order of May 25, 1948, finding rates on dense soda ash between points in Louisiana and Texas and points in Oklahoma and Arkansas to be unjustly discriminatory against interstate traffic, unduly preferential of glass manufacturers at points in Louisiana and Texas, and requiring removal of the discrimination. On July 1, 1948, bill of complaint was filed.

South Brooklyn Ry. Co. v. Keogh, U. S. Attorney, etc., eastern district of New York.

Suit and petition for declaratory judgment to secure court decision that plaintiff is not subject to the Railroad Retirement Act, Railroad Unemployment Insurance Act, and the Carriers' Taxing Act, as determined by the Commission in Electric Railway Docket No. 20, *South Brooklyn Ry. Co.*, decided April 22, 1947. On April 20, 1948, the complaint was filed, and the Commission's intervention and answer were filed on June 18, 1948.

The Hudson Bus Transportation Co., Inc., v. United States, district of New Jersey.

Suit to set aside Commission's report and order of February 16, 1948, in *Keansburg Steamboat Company Common Carrier Application*, Docket No. MC-106207, (petition for reconsideration denied by entire Commission on June 7, 1948) finding

that public convenience and necessity required operation by applicant as a common carrier by motor vehicle of passengers and their baggage, over described regular routes between New York, N. Y., and Long Branch, N. J., serving certain intermediate points. On July 1, 1948, the complaint was filed, and on August 5, 1948, the Commission's answer was filed.

Asbury Park-New York Transit Corporation v. United States, district of New Jersey.

Suit to set aside Commission's report and order of February 16, 1948, in Docket No. MC-106207, *Keansburg Steamboat Co. Common Carrier Application*, (petition for reconsideration denied by entire Commission on June 7, 1948), to the extent that it would grant defendant steamboat company permanent operating authority to engage in the transportation of passengers by motorbus between New York, N. Y., and the area between Keansburg, N. J., and Belford, Middletown Township, N. J., and intermediate points, and between New York City and Long Branch, N. J. On August 3, 1948, the complaint was filed, and on September 15, 1948, the Commission's answer was filed.

State of Texas et al. v. United States, western district of Oklahoma.

Suit to set aside Commission's decision of March 3, 1947, in Docket No. 29354, *Corporation Commission, State of Oklahoma, et al. v. Missouri Pacific R. Co., et al.*, as amended by its order of May 25, 1948, finding rates on dense soda ash between points in Louisiana and Texas and points in Oklahoma and Arkansas to be unjustly discriminatory against interstate traffic, unduly preferential of glass manufacturers at points in Louisiana and Texas, and requiring removal of the discrimination. On July 1, 1948, the bill of complaint was filed, and on July 20, 1948, the temporary stay granted by the court to permit filing with the court of agreement that higher rates will be repaid to shippers if Commission's order is ultimately held invalid, was vacated and temporary injunction denied.

Capital Transit Co., a Corporation, v. United States, District of Columbia.

Suit to set aside Commission's orders of June 22, 1945 and July 7, 1948, in Docket No. 28991, *Passenger Fares between the District of Columbia and Nearby Virginia*, insofar as such orders require plaintiff to establish, maintain and apply joint fares with the Alexandria, Barcroft & Washington Transit Co., and Washington, Virginia & Maryland Coach Co., Inc., for the transportation of passengers by plaintiff within the District of Columbia, and insofar as such orders prescribe a just division of such fares for plaintiff. On July 26, 1948, the bill of complaint was filed, and on August 2, 1948, after argument, an interlocutory injunction was granted.

Great Northern Ry. Co., a Corporation, v. United States, district of Delaware.

Suit to set aside Commission's corrected report and order of December 18, 1947, (petition for reconsideration denied July 6, 1948), finding that in Docket No. 29515, *General Mills, Inc., v. Great Northern Ry. Co.*, defendant's failure to establish storing and processing in transit at Great Falls, Mont., in connection with the present through rates on grain and grain products, in carloads, from points in Montana via routes through Butte, Mont., to destinations in California and Nevada, were unreasonable and unduly prejudicial, and prescribed reasonable transit arrangements for the future. On July 26, 1948, the bill of complaint was filed, and on September 15, 1948, the case was argued and submitted for decision.

Pacific Coast Wholesalers' Association, a Corporation, v. United States, southern district of California, central division.

Suit to set aside Commission's order of December 18, 1947, in Ex Parte No. 160, *Pacific Coast Wholesalers' Association Investigation of Status*, wherein the Commission found plaintiff association to be a freight forwarder within section 402 (a) (5) of part IV, Interstate Commerce Act, and directed discontinuance of such operations. On August 30, 1948, the complaint was filed, and on October 26, 1948, the case was argued and submitted for decision.

Werner Transportation Co. v. United States, district of Minnesota, fourth division.

Suit to set aside Commission's reports of May 10, 1945, and January 23, 1947, in Docket No. MC-8600 and Sub-No. 1, *Werner Transportation Company Common Carrier Application*, insofar as the Commission denied authority to transport general commodities on call and demand service to specified points in Minnesota, and to and from northeastern Illinois, and to operate over all highways in five Illinois counties. On September 8, 1948, the complaint was filed.

Interstate Common Carrier Council of Maryland v. United States, district of Maryland.

Suit to set aside the Commission's report of December 8, 1947, (petition for rehearing denied March 1, 1948) in Docket No. MC-31444 (Sub-No. 27), *Samuel and Mrs. Harry Schreiber Extension—Food Stuff*s, insofar as it found applicant entitled to a certificate of public convenience and necessity to transport general commodities, with exceptions, between Baltimore and Philadelphia, over U. S. Route 1, for operating convenience only. On April 2, 1948, the complaint was filed, and on May 25, 1948, the Commission's answer was filed.

Brady Transfer & Storage Co. v. United States, southern district of Iowa, central division.

For case history see page 143, this volume.

Denver & Rio Grande Western R. Co. v. United States, district of Utah.

Suit of a civil nature to set aside the Commission's report and order of May 18, 1948 in American Smelting & Refining Company, Ex Parte No. 104, *Practices of Carriers Affecting Operating Revenues or Expenses*, finding that the common-carrier transportation which the railroads are obligated to perform begins and ends at convenient points of interchange and all services beyond those points in the plant areas are industrial or plant services for which respondents should make reasonably compensatory charges (270 I. C. C. 359). On October 8, 1948, the bill of complaint was filed.

Riss & Company, Inc., v. Interstate Commerce Commission, District of Columbia.

Suit of a civil nature against the Interstate Commerce Commission and its members requesting the court to restrain defendants during the pendency of the action and permanently from adjudicating its application for certificate in MC-200 (Sub-No. 84), *Riss & Company, Inc., Extension—Explosives*, without complying with the provisions of sections 5, 7 and 8 of the Administrative Procedure Act. On September 30, 1948, the bill of complaint was filed.

Texas Citrus & Vegetable Growers & Shippers v. United States, southern district of Texas, Brownsville division.

Suit to set aside Commission's order in Docket No. 29645, *Transcontinental Rates and Estimated Weights on Vegetables*, requiring the rail carriers to file tariffs providing estimated weight per package on carrots, in carloads, of 80 pounds per package, in contrast to existing estimated tariff weight of 68 pounds, and requiring tariff rules eliminating the bulge on each package. On September 7, 1948, the complaint was filed, and on September 14, 1948, the case was argued and submitted for decision.

APPENDIX C

STATISTICAL SUMMARIES

- A. Statistics of railway development since 1937.
 B. Statistics from monthly and other periodical reports of carriers.

A. Statistics of Railway Development

Data for years preceding 1937 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by steam railways in the United States, 1937-47*

| Year ended Dec. 31— | Road owned in the United States ¹ (first main track) | Total miles of all tracks operated, excluding trackage rights ² | Mileage operated by classes I, II, and III line haul railways (including trackage rights) | | | |
|---------------------|---|--|---|----------------------------------|------------------------|------------|
| | | | First main track | Second or additional main tracks | Yard track and sidings | All tracks |
| 1937..... | 238, 539 | 393, 030 | 250, 582 | 41, 579 | 122, 411 | 414, 572 |
| 1938..... | 236, 842 | 389, 704 | 248, 474 | 41, 589 | 121, 261 | 411, 324 |
| 1939..... | 235, 064 | 386, 819 | 246, 922 | 41, 445 | 119, 983 | 408, 350 |
| 1940..... | 233, 670 | 385, 178 | 245, 740 | 41, 373 | 118, 862 | 405, 975 |
| 1941..... | 231, 971 | 382, 439 | 244, 263 | 41, 166 | 118, 196 | 403, 625 |
| 1942..... | 229, 174 | 378, 570 | 241, 737 | 41, 137 | 116, 753 | 399, 627 |
| 1943..... | 227, 999 | 377, 631 | 240, 745 | 41, 093 | 116, 892 | 398, 730 |
| 1944..... | 227, 335 | 377, 210 | 240, 215 | 41, 178 | 117, 044 | 398, 437 |
| 1945..... | 226, 696 | 376, 772 | 239, 438 | 41, 106 | 117, 510 | 398, 054 |
| 1946..... | 226, 438 | 376, 516 | 239, 069 | 41, 015 | 117, 953 | 398, 037 |
| 1947..... | 225, 806 | 376, 034 | 238, 209 | 40, 954 | 118, 192 | 397, 355 |

¹ Includes mileage of some small companies that do not make annual reports to the Commission.

² Includes mileage of classes I, II, and III line-haul railways and switching and terminal companies.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1937-47*¹

| Year ended Dec. 31— | Locomotives | | | | | | | |
|---------------------|-------------|--------------------------------------|----------|--------------------------------------|-----------------|--------------------------------------|--------|--------------------------------------|
| | Steam | | Electric | | Diesel-electric | | Other | |
| | Number | Average tractive effort ² | Number | Average tractive effort ² | Number | Average tractive effort ² | Number | Average tractive effort ² |
| 1937..... | 46, 342 | <i>Pounds</i> 49, 412 | 872 | <i>Pounds</i> 54, 957 | 293 | (3) | 48 | (3) |
| 1938..... | 45, 210 | 49, 803 | 882 | 55, 402 | 403 | (3) | 49 | (3) |
| 1939..... | 43, 604 | 50, 395 | 879 | 55, 661 | 639 | (3) | 50 | (3) |
| 1940..... | 42, 410 | 50, 905 | 900 | 56, 238 | 967 | 55, 130 | 56 | 22, 610 |
| 1941..... | 41, 911 | 51, 217 | 895 | 56, 301 | 1, 517 | 54, 733 | 52 | 22, 628 |
| 1942..... | 41, 755 | 51, 811 | 892 | 56, 591 | 1, 978 | 54, 942 | 46 | 22, 740 |
| 1943..... | 41, 983 | 52, 451 | 907 | 56, 896 | 2, 476 | 55, 200 | 40 | 19, 923 |
| 1944..... | 41, 921 | 52, 822 | 902 | 56, 878 | 3, 432 | 56, 398 | 50 | 21, 684 |
| 1945..... | 41, 018 | 53, 217 | 885 | 57, 295 | 4, 301 | 55, 868 | 49 | 21, 474 |
| 1946..... | 39, 592 | 53, 735 | 867 | 58, 565 | 5, 008 | 55, 872 | 44 | 20, 529 |
| 1947..... | 36, 942 | 54, 506 | 864 | 58, 816 | 6, 495 | 56, 524 | 43 | 23, 778 |

See footnotes at end of table.

| Year ended Dec. 31— | Cars | | | | | |
|---------------------|-------------------------------------|----------------------------------|--------------------|---------|---|---|
| | Freight cars (excluding caboose) | | Passenger train | Coaches | | |
| | Number | Average capacity ² | Number | Number | Average seating capacity ² | Number air-con- ditioned ² |
| | | <i>Tons</i> | | | | |
| 1937..... | 1, 776, 428 | 49. 2 | 40, 949 | 18, 585 | 78 | 3, 387 |
| 1938..... | 1, 731, 096 | 49. 4 | 39, 931 | 18, 124 | 78 | 3, 732 |
| 1939..... | 1, 680, 519 | 49. 7 | 38, 977 | 17, 827 | 78 | 4, 106 |
| 1940..... | 1, 684, 171 | 50. 0 | 38, 308 | 17, 470 | 77 | 4, 374 |
| 1941..... | 1, 732, 673 | 50. 3 | 38, 334 | 17, 490 | 77 | 4, 784 |
| 1942..... | 1, 773, 735 | 50. 5 | 38, 446 | 17, 807 | 77 | 5, 166 |
| 1943..... | 1, 784, 472 | 50. 7 | 38, 331 | 17, 929 | 77 | 5, 291 |
| 1944..... | 1, 797, 012 | 50. 8 | 38, 217 | 17, 842 | 77 | 5, 316 |
| 1945..... | 1, 787, 073 | 51. 1 | 38, 633 | 17, 668 | 77 | 5, 326 |
| 1946..... | 1, 768, 400 | 51. 3 | 38, 697 | 17, 654 | 77 | 5, 677 |
| 1947..... | 1, 759, 758 | 51. 5 | 39, 057 | 17, 542 | 76 | 6, 180 |

¹ Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1947 privately owned freight-carrying cars numbered 265,250 and cars owned or leased by the Pullman Co., 6,071.

² Class I steam railways.

³ Not available in these years.

TABLE III.—*Railway capital actually outstanding and net income, 1937-47: Line-haul railways and their lessor subsidiaries*

| Year ended Dec. 31— | Total rail- way capital | Funded debt unmatured ¹ | Preferred stock | Common stock | Ratio of debt to capital | Net income ² | Ratio of net in- come to stock |
|------------------------|----------------------------|---------------------------------------|--------------------|------------------|--------------------------------|-------------------------|---|
| | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Percent</i> | <i>Thousands</i> | <i>Percent</i> |
| 1937..... | \$21, 694, 645 | \$11, 881, 981 | \$2, 022, 887 | \$7, 789, 777 | 54. 8 | \$146, 351 | 1. 49 |
| 1938..... | 21, 428, 320 | 11, 639, 907 | 2, 022, 436 | 7, 765, 977 | 54. 3 | 87, 468 | ----- |
| 1939..... | 21, 193, 501 | 11, 419, 945 | 2, 022, 266 | 7, 751, 290 | 53. 9 | 141, 134 | 1. 44 |
| 1940..... | 21, 047, 280 | 11, 277, 306 | 2, 036, 121 | 7, 733, 853 | 53. 6 | 243, 148 | 2. 49 |
| 1941..... | 20, 707, 778 | 11, 208, 816 | 1, 952, 593 | 7, 546, 369 | 54. 1 | 557, 672 | 5. 87 |
| 1942..... | 20, 471, 191 | 10, 970, 648 | 1, 935, 222 | 7, 565, 321 | 53. 6 | 992, 843 | 10. 45 |
| 1943..... | 19, 913, 582 | 10, 484, 259 | 1, 912, 119 | 7, 517, 204 | 52. 6 | 946, 150 | 10. 03 |
| 1944..... | 19, 402, 593 | 9, 954, 215 | 1, 984, 173 | 7, 464, 206 | 51. 3 | 733, 461 | 7. 76 |
| 1945..... | 18, 681, 292 | 9, 257, 950 | 1, 980, 750 | 7, 442, 592 | 49. 6 | 502, 250 | 5. 33 |
| 1946..... | 18, 449, 437 | 9, 040, 901 | 1, 960, 995 | 7, 447, 541 | 49. 0 | 334, 966 | 3. 56 |
| 1947..... | 18, 050, 122 | 8, 824, 903 | 1, 975, 188 | 7, 250, 031 | 48. 9 | 537, 405 | 5. 83 |

¹ Does not include long-term debt in default. For class I railways and their nonoperating subsidiaries such debt amounted to \$392,450 (thousands) at the close of 1947.

² Intercompany duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns. Deficits shown in italics.

TABLE IV.—*Dividends, 1937-47: Line-haul railways and their lessor subsidiaries*

| Year ended Dec. 31— | Proportion of stock paying dividends ¹ | Amount of dividends ¹ | Average rate on— | | Dividends declared ² | |
|---------------------|--|-------------------------------------|---|----------------|---------------------------------|-----------------------|
| | | | Dividend- paying stock ¹ | All stock | On preferred stock | On common stock |
| | <i>Percent</i> | <i>Thousands</i> | <i>Percent</i> | <i>Percent</i> | | |
| 1937..... | 39. 64 | \$227, 596 | 5. 85 | 2. 32 | \$27, 488, 440 | \$140, 413, 594 |
| 1938..... | 32. 07 | 136, 270 | 4. 34 | 1. 39 | 13, 643, 634 | 69, 088, 932 |
| 1939..... | 32. 64 | 179, 412 | 5. 62 | 1. 84 | 19, 154, 336 | 106, 799, 624 |
| 1940..... | 38. 29 | 216, 522 | 5. 79 | 2. 22 | 23, 540, 218 | 135, 774, 682 |
| 1941..... | 40. 65 | 239, 438 | 6. 20 | 2. 52 | 27, 445, 002 | 158, 400, 721 |
| 1942..... | 56. 37 | 254, 088 | 4. 74 | 2. 67 | 34, 422, 097 | 167, 848, 035 |
| 1943..... | 57. 97 | 263, 919 | 4. 83 | 2. 83 | 37, 046, 973 | 179, 496, 716 |
| 1944..... | 58. 46 | 292, 248 | 5. 29 | 3. 09 | 54, 577, 117 | 191, 401, 095 |
| 1945..... | 57. 13 | 295, 294 | 5. 49 | 3. 13 | 48, 448, 791 | 197, 543, 159 |
| 1946..... | 55. 50 | 283, 171 | 5. 42 | 3. 01 | 58, 649, 278 | 175, 932, 458 |
| 1947..... | 56. 20 | 280, 397 | 5. 41 | 3. 04 | 54, 759, 213 | 181, 706, 349 |

¹ Includes figures for lessors and operating railways without excluding duplications on account of inter-company payments. Stock dividends for the last 11 years have been as follows: \$705,000 in 1943.

² By class I line-haul railways.

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TABLE V.—*Reported property investment and selected income items, 1937-47: Line-haul railways and their lessor subsidiaries*

| Year ended Dec. 31— | Investment ¹ | Investment per mile of road | Depre- ciation reserve | Net railway operating income ² | Other in- come ³ | Fixed charges and other deduc- tions ⁴ | Net income |
|------------------------|-------------------------|--------------------------------------|------------------------------|---|--------------------------------|---|------------------|
| | <i>Thousands</i> | | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> |
| 1937..... | \$ 25,636,082 | \$108,235 | \$2,950,848 | \$597,841 | \$170,337 | \$670,291 | \$146,351 |
| 1938..... | \$ 25,595,739 | 108,871 | 3,044,972 | 376,865 | 150,566 | 654,023 | 87,468 |
| 1939..... | \$ 25,538,157 | 109,331 | 3,102,779 | 595,961 | 156,050 | 658,505 | 141,134 |
| 1940..... | \$ 25,646,014 | 110,449 | 3,095,237 | 690,554 | 163,385 | 662,848 | 243,148 |
| 1941..... | \$ 25,668,984 | 111,352 | 3,240,145 | 1,009,592 | 169,519 | 674,455 | 557,672 |
| 1942..... | \$ 25,538,351 | 113,364 | 3,561,570 | 1,499,364 | 175,296 | 764,055 | 992,843 |
| 1943..... | \$ 26,145,458 | 115,288 | 3,939,562 | 1,370,569 | 194,440 | 686,576 | 946,150 |
| 1944..... | \$ 26,631,654 | 117,771 | 4,382,604 | 1,113,153 | 202,827 | 647,064 | 733,461 |
| 1945..... | \$ 26,967,756 | 119,664 | 5,549,720 | 858,864 | 196,081 | 602,691 | 502,250 |
| 1946..... | \$ 27,277,974 | 121,074 | 5,800,975 | 624,868 | 197,105 | 533,941 | 334,966 |
| 1947..... | \$ 27,686,103 | 123,215 | 6,037,033 | 790,534 | 211,868 | 517,330 | 537,405 |

¹ Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

² This term, as defined in the Interstate Commerce Act, means "railway operating income, including in the computation thereof debits and credits arising from equipment rents and joint facility rents."

³ Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Statistics of Railways, table 109. Figures represent classes I, II, and III line-haul railways.

⁴ The interest included represents accruals, not payments. In 1947, the interest accrued on unmaturred funded debt and long-term debt in default in excess of payments was \$25,657,343 for class I steam railways. Figures represent classes I, II, and III line-haul railways.

⁵ Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment, and other items on a net system basis:

| Year | Lessor companies | Proprietary companies | Year | Lessor companies | Proprietary companies |
|-----------|---------------------|--------------------------|-----------|---------------------|--------------------------|
| | <i>Thousands</i> | <i>Thousands</i> | | <i>Thousands</i> | <i>Thousands</i> |
| 1937..... | \$4,174,633 | \$848,173 | 1943..... | \$3,885,103 | \$858,312 |
| 1938..... | 4,105,320 | 840,033 | 1944..... | 3,865,708 | 811,979 |
| 1939..... | 4,104,416 | 853,848 | 1945..... | 3,632,499 | 806,153 |
| 1940..... | 4,093,043 | 809,391 | 1946..... | 3,545,819 | 758,181 |
| 1941..... | 4,000,275 | 818,060 | 1947..... | 3,507,365 | 761,297 |
| 1942..... | 3,933,048 | 803,280 | | | |

⁶ Includes amortization of defense projects.

TABLE VI.—*Operating revenues, operating expenses, and taxes: Class I line-haul railways, 1937-47*

| Year ended Dec. 31— | Operating revenues | Freight revenues | Passenger revenues | Operating expenses | Railway tax accruals ¹ | | | Ratio of total operating expenses to total operating revenues |
|------------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------------------|--|------------------|---|
| | | | | | U. S. Gov- ernment taxes | Other than U. S. Gov- ernment taxes | Total | |
| | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> | <i>Percent</i> |
| 1937..... | \$4,166,069 | \$3,370,959 | \$442,518 | \$3,119,065 | \$75,992 | \$253,409 | \$329,401 | 74.87 |
| 1938..... | 3,565,491 | 2,852,112 | 405,598 | 2,722,199 | 77,423 | 265,771 | 343,194 | 76.35 |
| 1939..... | 3,995,004 | 3,244,445 | 416,531 | 2,918,210 | 121,082 | 237,363 | 358,445 | 73.05 |
| 1940..... | 4,296,601 | 3,528,782 | 416,897 | 3,089,417 | 183,546 | 215,179 | 398,725 | 71.90 |
| 1941..... | 5,346,700 | 4,443,405 | 514,633 | 3,664,232 | 331,047 | 224,282 | 555,329 | 68.53 |
| 1942..... | 7,465,823 | 5,944,344 | 1,028,186 | 4,601,083 | 955,352 | 248,404 | 1,203,756 | 61.63 |
| 1943..... | 9,064,724 | 6,782,470 | 1,652,868 | 5,657,461 | 1,583,256 | 270,880 | 1,854,136 | 62.48 |
| 1944..... | 9,436,790 | 6,998,606 | 1,790,305 | 6,282,063 | 1,564,118 | 285,791 | 1,849,909 | 66.57 |
| 1945..... | 8,902,248 | 6,533,767 | 1,716,379 | 7,051,627 | 551,004 | 275,571 | 826,575 | 79.21 |
| 1946..... | 7,627,651 | 5,786,556 | 1,259,169 | 6,357,415 | 243,831 | 256,159 | 499,990 | 83.35 |
| 1947..... | 8,684,918 | 7,041,185 | 963,322 | 6,797,265 | 655,849 | 282,528 | 938,377 | 78.27 |

¹ Includes lessor companies.

TABLE VII.—*Number and compensation of employees: Class I line-haul railways, 1937-47*

| Year ended Dec. 31— | Average number of employees during year ¹ | Total hours paid for | Compensation of railway employees ² | | | |
|---------------------|--|----------------------|--|------------------|-------------------|-------------------|
| | | | Total | Average per hour | Ratio to revenues | Ratio to expenses |
| | | <i>Thousands</i> | <i>Thousands</i> | | <i>Percent</i> | <i>Percent</i> |
| 1937..... | 1, 114, 663 | 2, 799, 539 | \$1, 985, 447 | \$0. 709 | 47. 66 | 63. 66 |
| 1938..... | 939, 171 | 2, 329, 606 | 1, 746, 141 | . 750 | 48. 97 | 64. 14 |
| 1939..... | 987, 675 | 2, 488, 635 | 1, 863, 334 | . 749 | 46. 64 | 63. 85 |
| 1940..... | 1, 026, 848 | 2, 615, 905 | 1, 964, 125 | . 751 | 45. 71 | 63. 58 |
| 1941..... | 1, 139, 925 | 2, 989, 788 | 2, 331, 650 | . 780 | 43. 61 | 63. 63 |
| 1942..... | 1, 270, 687 | 3, 440, 957 | 2, 932, 070 | . 852 | 39. 27 | 63. 73 |
| 1943..... | 1, 355, 114 | 3, 816, 420 | 3, 520, 926 | . 923 | 38. 88 | 62. 24 |
| 1944..... | 1, 414, 776 | 3, 996, 873 | 3, 857, 957 | . 965 | 40. 88 | 61. 41 |
| 1945..... | 1, 419, 505 | 3, 979, 637 | 3, 862, 001 | . 970 | 43. 38 | 54. 77 |
| 1946..... | 1, 359, 263 | 3, 632, 338 | 4, 170, 767 | 1. 148 | 54. 68 | 65. 60 |
| 1947..... | 1, 351, 863 | 3, 613, 296 | 4, 352, 047 | 1. 204 | 50. 11 | 64. 03 |

¹ This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month or year regardless of whether for a long or short period.

² In 1947, \$4,139,498 (thousands) or 95.12 percent of the reported compensation, was chargeable to operating expenses.

TABLE VIII.—*Freight transportation service performed by line-haul railways, 1937-47*

| Year ended Dec. 31— | Revenue tons originated | Revenue tons carried 1 mile | Loaded-car miles | Average haul | | Average amount received for each ton originated | Revenue per ton-mile |
|---------------------|-------------------------|-----------------------------|------------------|---------------------------|-------------------------|---|----------------------|
| | | | | United States as a system | For the individual road | | |
| | <i>Thousands</i> | <i>Millions</i> | <i>Millions</i> | <i>Miles</i> | <i>Miles</i> | | <i>Cents</i> |
| 1937..... | 1, 075, 237 | 362, 815 | 14, 702 | 337. 43 | 188. 14 | \$3. 189 | 0. 945 |
| 1938..... | 819, 733 | 291, 866 | 12, 266 | 356. 05 | 196. 87 | 3. 539 | . 994 |
| 1939..... | 954, 924 | 335, 375 | 13, 639 | 351. 21 | 193. 91 | 3. 453 | . 983 |
| 1940..... | 1, 069, 045 | 375, 369 | 14, 777 | 351. 13 | 192. 75 | 3. 353 | . 955 |
| 1941..... | 1, 295, 860 | 477, 576 | 18, 172 | 368. 54 | 198. 59 | 3. 480 | . 944 |
| 1942..... | 1, 498, 477 | 640, 992 | 21, 536 | 427. 76 | 217. 55 | 4. 022 | . 940 |
| 1943..... | 1, 556, 558 | 730, 132 | 23, 284 | 469. 07 | 231. 23 | 4. 411 | . 940 |
| 1944..... | 1, 564, 780 | 740, 586 | 24, 186 | 473. 28 | 234. 62 | 4. 529 | . 957 |
| 1945..... | 1, 493, 314 | 684, 148 | 22, 669 | 458. 14 | 230. 21 | 4. 431 | . 967 |
| 1946..... | 1, 431, 936 | 594, 943 | 20, 340 | 415. 48 | 217. 54 | 4. 097 | . 986 |
| 1947..... | 1, 613, 148 | 657, 878 | 21, 490 | 407. 82 | 216. 45 | 4. 427 | 1. 085 |

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railways, 1937-47*

| Year ended Dec. 31— | Ton-miles revenue and nonrevenue freight per loaded freight-car mile | Revenue ton-miles per train-mile | Passenger-miles per car-mile | Passenger-miles per train-mile | Revenue ton-miles per mile of road | Passenger-miles per mile of road |
|---------------------|--|----------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------------|
| 1937..... | 27. 07 | 724 | 13 | 59 | 1, 530, 667 | 105, 377 |
| 1938..... | 26. 04 | 691 | 12 | 55 | 1, 235, 843 | 93, 544 |
| 1939..... | 26. 86 | 743 | 13 | 58 | 1, 427, 115 | 98, 559 |
| 1940..... | 27. 59 | 781 | 13 | 61 | 1, 602, 009 | 103, 621 |
| 1941..... | 28. 41 | 845 | 15 | 73 | 2, 044, 237 | 128, 413 |
| 1942..... | 31. 78 | 968 | 22 | 125 | 2, 760, 479 | 236, 400 |
| 1943..... | 33. 29 | 1, 050 | 31 | 190 | 3, 168, 749 | 389, 839 |
| 1944..... | 32. 60 | 1, 068 | 32 | 201 | 3, 222, 168 | 425, 012 |
| 1945..... | 32. 18 | 1, 058 | 30 | 191 | 2, 979, 597 | 408, 333 |
| 1946..... | 31. 24 | 1, 016 | 25 | 144 | 2, 596, 647 | 288, 945 |
| 1947..... | 32. 56 | 1, 076 | 21 | 111 | 2, 869, 909 | 204, 854 |

TABLE X.—*Passenger transportation service performed by line-haul railways, 1937-47*

| Year ended Dec. 31— | Passen- gers carried | Passen- ger-miles | Average journey per pas- senger ¹ | Average receipts per pas- senger | Revenue per passen- ger-mile |
|---------------------|----------------------------|----------------------|---|---|---------------------------------------|
| | <i>Millions</i> | <i>Millions</i> | <i>Miles</i> | | <i>Cents</i> |
| 1937..... | 500 | 24,695 | 49.42 | \$0.888 | 1.796 |
| 1938..... | 455 | 21,657 | 47.65 | .894 | 1.877 |
| 1939..... | 454 | 22,713 | 50.02 | .920 | 1.839 |
| 1940..... | 456 | 23,816 | 52.22 | .916 | 1.755 |
| 1941..... | 489 | 29,406 | 60.18 | 1.056 | 1.754 |
| 1942..... | 672 | 53,747 | 79.93 | 1.533 | 1.917 |
| 1943..... | 888 | 87,925 | 99.05 | 1.865 | 1.883 |
| 1944..... | 916 | 95,663 | 104.46 | 1.958 | 1.875 |
| 1945..... | 897 | 91,826 | 102.33 | 1.916 | 1.872 |
| 1946..... | 795 | 64,754 | 81.47 | 1.587 | 1.948 |
| 1947..... | 707 | 45,972 | 65.07 | 1.366 | 2.099 |

¹ This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by steam locomotives, and rails and ties laid: Class I line-haul railways, 1937-47*

| Year ended Dec. 31— | Bitumi- nous coal | Anthra- cite coal | Fuel oil | | Total fuel ¹ | Rails ap- plied in replace- ment and better- ment (all tracks) | Ties laid in previously constructed tracks | |
|---------------------------|----------------------|----------------------|---------------------------------|----------------------------|-------------------------|--|---|---------------------------|
| | | | | | | | Cross ties | Switch and bridge ties |
| | <i>Net tons</i> | <i>Net tons</i> | <i>Thousands of gallons</i> | <i>Equivalent tons</i> | <i>Net tons</i> | <i>Long tons</i> | <i>Number</i> | <i>Feet (b. m.)</i> |
| 1937..... | 82,666,673 | 473,286 | 2,581,441 | 16,561,713 | 99,732,944 | 1,974,597 | 47,729,538 | 159,429,849 |
| 1938..... | 68,793,756 | 432,683 | 2,240,299 | 14,402,304 | 83,664,267 | 1,202,943 | 41,363,224 | 141,887,780 |
| 1939..... | 73,935,025 | 719,200 | 2,334,571 | 15,020,974 | 89,718,757 | 1,719,306 | 45,088,278 | 147,044,571 |
| 1940..... | 79,628,318 | 285,653 | 2,502,868 | 16,118,796 | 96,066,679 | 1,911,513 | 43,620,653 | 145,553,116 |
| 1941..... | 91,655,061 | 432,080 | 3,025,461 | 19,497,035 | 111,616,334 | 2,228,822 | 47,224,593 | 144,599,723 |
| 1942..... | 109,618,324 | 263,371 | 3,905,096 | 25,128,332 | 135,037,207 | 2,250,280 | 48,616,228 | 136,944,189 |
| 1943..... | 122,593,389 | 280,958 | 4,433,419 | 28,511,597 | 151,411,739 | 2,409,989 | 45,439,512 | 124,097,473 |
| 1944..... | 122,653,989 | 197,232 | 4,511,002 | 29,048,228 | 151,928,340 | 2,878,068 | 48,032,634 | 137,780,487 |
| 1945..... | 115,153,596 | 138,920 | 4,413,072 | 28,482,014 | 143,806,437 | 2,955,736 | 43,912,213 | 130,520,278 |
| 1946..... | 100,485,542 | 145,352 | 3,869,371 | 24,904,520 | 125,567,755 | 2,302,099 | 37,562,383 | 106,204,525 |
| 1947..... | 100,437,382 | 41,937 | 3,788,666 | 24,428,489 | 124,941,886 | 2,531,858 | 37,289,473 | 108,159,083 |

¹ In the statement of consumption of fuel by locomotives, 1 cord of hardwood is considered as equivalent to $\frac{3}{8}$ of a ton of fuel and 1 cord of softwood as equivalent to $\frac{1}{2}$ of a ton of fuel. The ratio used in reducing fuel oil to equivalent tons of fuel is left to the experience of each road. Figures include data for cordwood, also a small amount of miscellaneous fuel. Does not include equivalent tons for fuel consumed by motive power units, other than steam locomotives, which in 1947 amounted to 23,721,377.

TABLE XII.—*Selected data from annual reports of class I line-haul railways, 1947 and 1946, by districts*

| Item | All districts | | Eastern district | |
|--|---------------------|-------------|------------------|-------------|
| | Year ended Dec. 31— | | | |
| | 1947 | 1946 | 1947 | 1946 |
| Railway operating revenues (thousands) | \$8,684,918 | \$7,627,651 | \$3,442,436 | \$3,029,150 |
| Railway operating expenses: | | | | |
| Total (thousands) | \$6,797,265 | \$6,357,415 | \$2,839,429 | \$2,658,284 |
| Maintenance of way and structures (thousands) | \$1,212,096 | \$1,150,241 | \$447,361 | \$426,541 |
| Maintenance of equipment (thousands) | \$1,558,010 | \$1,468,758 | \$671,231 | \$629,054 |
| Transportation—rail line (thousands) | \$3,476,433 | \$3,212,292 | \$1,515,211 | \$1,401,384 |
| Net railway operating income (thousands) | \$780,694 | \$620,120 | \$217,543 | \$147,010 |
| Freight-service statistics: | | | | |
| Freight revenue (thousands) | \$7,041,185 | \$5,786,556 | \$2,684,992 | \$2,228,798 |
| Revenue tons originated (thousands) | 1,537,546 | 1,366,617 | 606,026 | 553,220 |
| Total revenue tons carried (thousands) | 2,888,589 | 2,602,186 | 1,359,533 | 1,252,985 |
| Revenue tons carried 1 mile (thousands) | 654,728,304 | 591,982,472 | 231,361,216 | 215,387,993 |
| Revenue per ton-mile (cents) | 1.076 | 0.978 | 1.162 | 1.036 |
| Revenue ton-miles per mile of road | 2,869,909 | 2,596,647 | 4,232,039 | 3,835,313 |
| Freight train-miles (thousands) | 616,071 | 590,413 | 197,261 | 190,857 |
| Revenue ton-miles per train-mile | 1.076 | 1.016 | 1.194 | 1.147 |
| Loaded car-miles (thousands) | 21,395,870 | 20,249,139 | 7,256,897 | 7,060,991 |
| Empty car-miles (thousands) | 10,805,463 | 9,962,515 | 3,622,211 | 3,532,253 |
| Ton-miles revenue and nonrevenue freight per loaded car-mile | 32.56 | 31.24 | 33.53 | 32.19 |
| Average haul per road (miles) | 226.66 | 227.49 | 170.18 | 171.90 |
| Passenger-service statistics: | | | | |
| Passenger revenue (thousands) | \$963,322 | \$1,259,169 | \$487,814 | \$578,938 |
| Passengers carried (thousands) | 703,280 | 790,130 | 513,292 | 562,698 |
| Passenger-miles (thousands) | 45,920,576 | 64,673,453 | 22,887,276 | 28,755,140 |
| Revenue per passenger-mile (cents) | 2.10 | 1.95 | 2.13 | 2.01 |
| Passenger-miles per mile of road | 204,854 | 288,945 | 437,114 | 535,827 |
| Average journey per passenger (miles) | 65.29 | 81.85 | 44.59 | 51.10 |
| Passenger-miles per train-mile | 111 | 144 | 134 | 159 |

| Item | Southern district | | Western district | |
|--|---------------------|-------------|------------------|-------------|
| | Year ended Dec. 31— | | | |
| | 1947 | 1946 | 1947 | 1946 |
| Railway operating revenues (thousands) | \$1,695,494 | \$1,435,553 | \$3,546,988 | \$3,162,948 |
| Railway operating expenses: | | | | |
| Total (thousands) | \$1,300,484 | \$1,149,019 | \$2,657,352 | \$2,550,112 |
| Maintenance of way and structures (thousands) | \$257,586 | \$231,297 | \$507,149 | \$492,403 |
| Maintenance of equipment (thousands) | \$306,965 | \$269,436 | \$579,814 | \$570,268 |
| Transportation—rail line (thousands) | \$628,439 | \$554,425 | \$1,332,783 | \$1,256,483 |
| Net railway operating income (thousands) | \$189,581 | \$155,050 | \$373,570 | \$318,060 |
| Freight-service statistics: | | | | |
| Freight revenue (thousands) | \$1,429,810 | \$1,147,734 | \$2,926,383 | \$2,410,024 |
| Revenue tons originated (thousands) | 399,472 | 340,656 | 532,048 | 472,741 |
| Total revenue tons carried (thousands) | 653,868 | 557,690 | 875,188 | 791,511 |
| Revenue tons carried 1 mile (thousands) | 151,849,152 | 130,445,991 | 271,517,936 | 246,148,488 |
| Revenue per ton-mile (cents) | 0.942 | 0.880 | 1.078 | 0.979 |
| Revenue ton-miles per mile of road | 3,315,735 | 3,014,141 | 2,127,520 | 1,915,796 |
| Freight train-miles (thousands) | 136,002 | 129,228 | 282,808 | 270,328 |
| Revenue ton-miles per train-mile | 1.128 | 1.022 | 970 | 920 |
| Loaded car-miles (thousands) | 4,392,181 | 4,016,817 | 9,746,792 | 9,171,331 |
| Empty car-miles (thousands) | 2,390,267 | 2,091,353 | 4,792,985 | 4,338,909 |
| Ton-miles revenue and nonrevenue freight per loaded car-mile | 36.64 | 34.61 | 30.00 | 29.03 |
| Average haul per road (miles) | 232.23 | 233.90 | 310.24 | 310.99 |
| Passenger-service statistics: | | | | |
| Passenger revenue (thousands) | \$150,314 | \$203,991 | \$325,194 | \$476,240 |
| Passengers carried (thousands) | 86,326 | 101,568 | 103,662 | 125,864 |
| Passenger-miles (thousands) | 7,086,056 | 10,066,921 | 15,947,244 | 25,851,392 |
| Revenue per passenger-mile (cents) | 2.12 | 2.03 | 2.04 | 1.84 |
| Passenger-miles per mile of road | 155,372 | 234,824 | 126,370 | 203,089 |
| Average journey per passenger (miles) | 82.09 | 99.12 | 153.84 | 205.39 |
| Passenger-miles per train-mile | 97 | 137 | 93 | 133 |

B. Statistics From Monthly and Other Periodical Reports of Carriers

TABLE A.—*Analysis of operating revenues, expenses, and income, class I steam railways, excluding switching and terminal companies, 1948-47*

| Item | 9 months, January to September, inclusive | | Calendar year |
|--|---|----------------------|----------------------|
| | 1948 | 1947 | 1947 |
| Operating revenues: | | | |
| Freight..... | \$5,898,379,963 | \$5,124,606,001 | \$7,040,973,113 |
| Passenger..... | 724,095,693 | 725,198,859 | 963,322,175 |
| Mail..... | 139,697,693 | 102,334,014 | 170,181,615 |
| Express..... | 89,941,672 | 84,565,364 | 115,835,543 |
| All other..... | 309,460,612 | 294,936,412 | 394,381,864 |
| Total..... | 7,161,575,633 | 6,331,640,650 | 8,684,694,310 |
| Percent of total: | | | |
| Freight..... | 82.36 | 80.94 | 81.08 |
| Passenger..... | 10.11 | 11.45 | 11.09 |
| Mail..... | 1.95 | 1.62 | 1.96 |
| Express..... | 1.26 | 1.33 | 1.33 |
| All other..... | 4.32 | 4.66 | 4.54 |
| Operating expenses: | | | |
| Maintenance of way and structures..... | \$1,005,225,418 | \$893,969,662 | \$1,212,053,026 |
| Maintenance of equipment..... | 1,255,245,663 | 1,145,437,144 | 1,557,960,665 |
| Traffic..... | 142,840,386 | 129,417,448 | 176,310,404 |
| Transportation..... | 2,829,714,102 | 2,516,235,113 | 3,476,343,568 |
| General..... | 201,524,579 | 179,378,398 | 245,228,317 |
| All other..... | 98,881,263 | 95,669,240 | 129,166,504 |
| Total..... | 5,533,431,411 | 4,960,107,005 | 6,797,062,484 |
| Percent of total: | | | |
| Maintenance of way and structures..... | 18.17 | 18.02 | 17.83 |
| Maintenance of equipment..... | 22.68 | 23.09 | 22.92 |
| Traffic..... | 2.58 | 2.61 | 2.60 |
| Transportation..... | 51.14 | 50.73 | 51.14 |
| General..... | 3.64 | 3.62 | 3.61 |
| All other..... | 1.79 | 1.93 | 1.90 |
| Railway tax accruals..... | \$755,842,189 | \$687,122,556 | \$936,374,499 |
| Equipment rents—debit..... | 100,580,353 | 93,846,792 | 128,643,690 |
| Joint facility rents—debit..... | 28,973,864 | 30,711,050 | 41,900,073 |
| Net railway operating income..... | 742,747,816 | 559,853,247 | 780,713,564 |
| Other income..... | 158,385,748 | 143,495,996 | 229,015,438 |
| Interest, rents, and other deductions..... | 396,572,977 | 383,692,944 | 529,742,522 |
| Net income..... | 504,560,587 | 319,656,299 | 479,986,480 |

TABLE B.—*Selected operating averages in freight and passenger service of class I steam railways in the United States, 1948-47*

| Item | 8 months, January to August inclusive | | Calendar year |
|---|---------------------------------------|---------------|---------------|
| | 1948 | 1947 | 1947 |
| Average miles of road operated, freight service..... | 225,846 | 225,978 | 225,916 |
| Average miles of road operated, passenger service..... | 159,898 | 160,745 | 160,647 |
| Net ton-miles per mile of road per day..... | 8,145 | 8,301 | 8,451 |
| Percent of freight locomotives unserviceable..... | 15.9 | 16.4 | 16.2 |
| Percent of freight cars unserviceable..... | 4.4 | 4.0 | 4.0 |
| Percent of loaded of total car-miles..... | 65.6 | 66.3 | 66.4 |
| Percent east-bound or north-bound of loaded car-miles.. | 56.6 | 57.2 | 57.1 |
| Car-miles per car-day..... | 43.8 | 45.1 | 45.7 |
| Net ton-miles per car-day..... | 946 | 975 | 990 |
| Net ton-miles per loaded car-mile..... | 32.9 | 32.6 | 32.6 |
| Car-miles per train-mile..... | 54.1 | 52.6 | 52.9 |
| Gross ton-miles per train-mile (excluding locomotives and tenders)..... | 2,483 | 2,417 | 2,432 |
| Net ton-miles per train-mile (including nonrevenue tons) | 1,168 | 1,137 | 1,146 |
| Average miles per hour, trains in freight service..... | 16.1 | 16.1 | 16.0 |
| Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders)..... | 125 | 123 | 123 |
| Average cost of coal per ton (including freight charges)... | \$5.09 | \$4.13 | \$4.33 |
| Revenue per ton-mile..... | \$0.01235 | \$0.01061 | \$0.01076 |
| Average haul per revenue ton per railroad..... | 223.6 | 226.2 | 226.0 |
| Number of freight-train miles..... | 389,182,016 | 406,341,839 | 616,332,106 |
| Number of passenger-train miles..... | 271,844,661 | 276,863,560 | 414,988,139 |
| Number of passenger-train car-miles..... | 2,479,725,239 | 2,496,152,878 | 3,761,037,995 |
| Passenger-train cars per train..... | 9.12 | 9.02 | 9.06 |
| Revenue per passenger per mile: | | | |
| Including commutation passengers..... | \$0.0228 | \$0.0206 | \$0.0210 |
| Excluding commutation passengers..... | \$0.0245 | \$0.0220 | \$0.0224 |

TABLE C.—*Average number of employees and total compensation, by groups of employees, class I steam railways, excluding switching and terminal companies, 1948-47*

| Groups of employees | Calendar year 1947 | | 8 months, January to August, inclusive | |
|--|---|--------------------|---|-----------|
| | Average number of employees middle of month | Total compensation | Average number of employees middle of month | |
| | | | 1948 | 1947 |
| I. Executives, officials, and staff assistants..... | 15,194 | \$110,039,641 | 15,466 | 15,152 |
| II. Professional, clerical, and general..... | 223,654 | 695,096,664 | 219,803 | 224,600 |
| III. Maintenance of way and structures..... | 264,816 | 649,022,963 | 265,309 | 264,821 |
| IV. Maintenance of equipment and stores..... | 370,287 | 1,160,593,584 | 363,108 | 371,351 |
| V. Transportation (other than train, engine, and yard)..... | 170,877 | 495,104,141 | 161,108 | 171,870 |
| VI. (a) Transportation (yardmaster, switch tenders, and hostlers)..... | 17,113 | 69,290,283 | 16,886 | 17,172 |
| VI. (b) Transportation (train and engine service)... | 290,020 | 1,171,082,019 | 282,403 | 289,037 |
| All employees..... | 1,351,961 | 4,350,229,295 | 1,324,083 | 1,354,003 |

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1947, class 1 steam railways*

| Commodity groups | Number of carloads | Number of tons (2,000 pounds) | Freight revenue |
|--|---------------------|-------------------------------|-------------------------|
| Products of agriculture: | | | |
| Wheat..... | 823, 236 | 43, 058, 322 | \$212, 285, 296 |
| Corn..... | 428, 348 | 21, 530, 262 | 95, 294, 027 |
| Other grains..... | 349, 736 | 15, 577, 962 | 82, 276, 118 |
| Flour, wheat..... | 347, 515 | 13, 010, 235 | 66, 034, 354 |
| Other mill products..... | 409, 555 | 12, 638, 516 | 56, 137, 583 |
| Cotton in bales..... | 221, 044 | 3, 862, 801 | 39, 067, 519 |
| Citrus fruits..... | 152, 943 | 3, 464, 263 | 85, 669, 886 |
| Other fresh fruits..... | 295, 209 | 4, 339, 932 | 110, 082, 992 |
| Potatoes, other than sweet..... | 276, 956 | 5, 924, 908 | 77, 012, 795 |
| Other fresh vegetables..... | 288, 801 | 3, 773, 067 | 106, 892, 040 |
| Sugar beets..... | 198, 308 | 8, 501, 914 | 7, 515, 622 |
| All other..... | 769, 849 | 22, 485, 373 | 139, 153, 967 |
| Total..... | 4, 561, 500 | 158, 167, 555 | 1, 077, 422, 199 |
| Animals and products: | | | |
| Live animals..... | 752, 746 | 8, 331, 393 | 85, 609, 073 |
| Meats and other edible packing-house products..... | 385, 439 | 5, 933, 378 | 113, 265, 577 |
| Poultry, live and dressed..... | 22, 802 | 366, 869 | 9, 442, 198 |
| Dairy products..... | 71, 337 | 1, 280, 002 | 27, 895, 668 |
| Wool and mohair..... | 34, 210 | 527, 731 | 9, 326, 049 |
| Hides and leather..... | 39, 866 | 1, 106, 683 | 14, 735, 678 |
| All other..... | 74, 238 | 2, 169, 762 | 18, 882, 258 |
| Total..... | 1, 380, 638 | 19, 715, 818 | 279, 156, 501 |
| Products of mines: | | | |
| Anthracite coal ¹ | 866, 491 | 49, 092, 689 | 124, 466, 081 |
| Bituminous coal..... | 7, 776, 612 | 445, 699, 560 | 1, 109, 279, 905 |
| Coke..... | 631, 937 | 22, 572, 123 | 51, 670, 256 |
| Iron ore..... | 1, 630, 070 | 97, 887, 722 | 135, 280, 476 |
| Other ores and concentrates..... | 209, 726 | 11, 822, 041 | 45, 442, 815 |
| Gravel and sand..... | 1, 170, 773 | 67, 780, 748 | 77, 991, 858 |
| Stone and rock: Broken, ground, and crushed..... | 783, 659 | 44, 347, 523 | 53, 125, 761 |
| Fluxing stone and raw dolomite..... | 241, 511 | 15, 676, 745 | 18, 246, 980 |
| Crude petroleum..... | 277, 274 | 9, 918, 201 | 39, 946, 626 |
| Phosphate rock..... | 336, 601 | 17, 916, 352 | 47, 017, 341 |
| All other..... | 1, 232, 135 | 65, 093, 278 | 170, 266, 102 |
| Total..... | 15, 156, 789 | 847, 806, 982 | 1, 872, 734, 201 |
| Products of forests: | | | |
| Logs, butts, and bolts..... | 488, 470 | 17, 665, 091 | 16, 639, 631 |
| Posts, poles, and piling, wooden..... | 160, 948 | 4, 688, 375 | 28, 465, 148 |
| Pulpwood..... | 560, 785 | 21, 932, 422 | 36, 553, 799 |
| Lumber, shingles, and lath..... | 946, 156 | 31, 268, 260 | 306, 636, 653 |
| All other..... | 398, 461 | 11, 473, 388 | 68, 029, 783 |
| Total..... | 2, 554, 820 | 87, 027, 536 | 456, 325, 014 |
| Manufactures and miscellaneous: | | | |
| Refined petroleum products..... | 1, 713, 154 | 49, 835, 142 | 276, 755, 581 |
| Vegetable oils..... | 87, 738 | 2, 633, 158 | 27, 080, 027 |
| Chemicals..... | 521, 899 | 20, 805, 358 | 157, 110, 399 |
| Fertilizers, n. o. s..... | 424, 384 | 18, 163, 422 | 81, 710, 618 |
| Metals and alloys, other than iron and steel..... | 148, 652 | 5, 783, 104 | 69, 120, 628 |
| Pig iron..... | 131, 553 | 7, 170, 181 | 22, 021, 057 |
| Semi-finished iron and steel..... | 291, 532 | 16, 156, 393 | 43, 024, 143 |
| Manufactured iron and steel..... | 1, 532, 178 | 55, 393, 415 | 450, 787, 423 |
| Vehicles and parts, motor and other..... | 834, 738 | 11, 023, 155 | 235, 489, 580 |
| Cement, natural and portland..... | 564, 686 | 26, 889, 672 | 94, 964, 613 |
| Paper and paper products..... | 1, 015, 230 | 25, 042, 555 | 243, 293, 201 |
| Alcoholic beverages..... | 226, 521 | 6, 365, 381 | 83, 157, 881 |
| Sugar..... | 140, 581 | 6, 214, 325 | 46, 455, 213 |
| Food products, n. o. s., in cans and packages, not frozen..... | 415, 693 | 12, 029, 231 | 154, 888, 468 |
| Feed, animal and poultry, n. o. s..... | 409, 720 | 12, 503, 316 | 51, 196, 908 |
| Containers, metal, wooden, and paper..... | 645, 261 | 8, 400, 724 | 80, 770, 294 |
| Scrap iron and steel..... | 505, 416 | 20, 562, 828 | 70, 889, 029 |
| All other..... | 3, 433, 125 | 92, 557, 206 | 885, 239, 787 |
| Total..... | 13, 042, 061 | 397, 528, 566 | 3, 073, 954, 850 |
| Forwarder traffic..... | 271, 163 | 4, 738, 322 | 127, 197, 296 |
| Grand total carload traffic..... | 36, 966, 971 | 1, 514, 984, 779 | 6, 886, 790, 061 |
| All l. c. l. freight..... | | 22, 561, 007 | 522, 384, 515 |
| Grand total, carload and l. c. l..... | | 1, 537, 545, 786 | 7, 409, 174, 576 |

¹ Excludes coal to breakers and washeries.

TABLE E.—*Summary of casualties to persons on steam railways in the United States for the years ended Dec. 31, 1947, 1946, 1945, 1944, and 1943*

| Class of persons | Number of persons | | | | | | | | | |
|--|-------------------|-------|-------|-------|-------|---------|--------|--------|--------|--------|
| | Killed | | | | | Injured | | | | |
| | 1947 | 1946 | 1945 | 1944 | 1943 | 1947 | 1946 | 1945 | 1944 | 1943 |
| 1. Trespassers..... | 1,368 | 1,506 | 1,497 | 1,445 | 1,667 | 1,006 | 978 | 1,003 | 959 | 1,126 |
| 2. Employees: | | | | | | | | | | |
| Trainmen on duty..... | 357 | 359 | 474 | 545 | 505 | 16,744 | 17,052 | 21,392 | 20,951 | 18,975 |
| Other employees..... | 255 | 235 | 326 | 353 | 376 | 2,171 | 2,426 | 3,323 | 3,255 | 3,098 |
| Total employees..... | 612 | 594 | 800 | 898 | 881 | 18,915 | 19,478 | 24,715 | 24,206 | 22,073 |
| 3. Passengers on trains..... | 65 | 103 | 132 | 239 | 253 | 4,156 | 4,618 | 4,722 | 4,698 | 5,031 |
| 4. Travelers not on trains..... | 9 | 13 | 10 | 10 | 9 | 81 | 86 | 95 | 138 | 113 |
| 5. Persons carried under contract..... | 14 | 9 | 12 | 8 | 11 | 339 | 276 | 378 | 395 | 411 |
| 6. Other nontrespassers..... | 1,876 | 1,942 | 2,014 | 1,928 | 1,861 | 4,648 | 4,850 | 4,856 | 4,703 | 4,814 |
| Total, train and train-service accidents (1 to 6)..... | 3,944 | 4,167 | 4,465 | 4,528 | 4,682 | 29,145 | 30,286 | 35,769 | 35,099 | 33,568 |
| 7. Casualties in nontrain accidents..... | 221 | 195 | 226 | 253 | 260 | 19,652 | 21,721 | 25,712 | 26,128 | 26,749 |
| Total, 1 to 7..... | 4,165 | 4,362 | 4,691 | 4,781 | 4,942 | 48,797 | 52,007 | 61,481 | 61,227 | 60,317 |
| 8. Casualties at grade crossings ¹ | 1,790 | 1,851 | 1,903 | 1,840 | 1,732 | 4,251 | 4,397 | 4,446 | 4,216 | 4,217 |
| 9. Casualties excluded from all totals ² .. | 120 | 146 | 121 | 127 | 109 | 22 | 19 | 34 | 24 | 31 |

¹ Included in total for items 1 to 6, and distributed under various heads, chiefly item 6.² Figures relate to suicides, persons mentally deranged, and persons attempting to escape custody.

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TABLE F.—*Revenues, expenses, and income of class I motor carriers¹ of property for the calendar year 1947 compared with those of the same carriers for 1946²*

| Item | Total carriers reported | |
|--|-------------------------|---------------|
| | 1947 | 1946 |
| <i>Intercity carriers</i> | | |
| Number of carriers represented..... | 1,495 | 1,495 |
| Revenues: | | |
| Freight revenue—Intercity—Common carrier..... | \$1,107,454,906 | \$857,838,103 |
| Freight revenue—Intercity—Contract carrier..... | 76,201,495 | 58,287,045 |
| Freight revenue—Local service..... | 14,365,996 | 12,450,251 |
| Revenue—Transportation for other class I Motor carriers..... | 4,469,214 | 2,347,648 |
| Other operating revenue..... | 8,185,610 | 8,830,773 |
| Total operating revenues..... | 1,210,677,221 | 939,753,820 |
| Expenses: | | |
| Equipment maintenance and garage expense..... | 147,951,206 | 133,469,013 |
| Transportation expense..... | 422,331,661 | 310,604,572 |
| Terminal expense..... | 256,626,432 | 198,258,267 |
| Sales, tariff, and advertising expense..... | 27,231,345 | 21,682,636 |
| Insurance and safety expense..... | 68,915,681 | 50,688,067 |
| Administrative and general expense..... | 89,130,952 | 75,080,554 |
| Total operation and maintenance expenses..... | 1,012,187,277 | 789,783,109 |
| Depreciation expense..... | 43,363,065 | 31,931,321 |
| Amortization chargeable to operations..... | 172,749 | 162,506 |
| Operating taxes and licenses..... | 63,320,497 | 54,310,078 |
| Operating rents—net..... | 32,484,819 | 29,995,945 |
| Total expenses..... | 1,151,528,407 | 906,182,959 |
| Operating ratio (percent)..... | 95.1 | 96.4 |
| Net operating revenue..... | \$59,148,814 | \$33,570,861 |
| Other income..... | 4,910,279 | 5,214,419 |
| Other deductions..... | 8,008,951 | 6,208,971 |
| Net income before income taxes..... | 56,050,142 | 32,576,309 |
| Net income after income taxes..... | 39,671,671 | 23,753,240 |
| <i>Local carriers</i> | | |
| Number of carriers represented..... | 528 | 528 |
| Total operating revenues..... | \$249,091,568 | \$215,047,059 |
| Total expenses..... | 236,534,398 | 205,280,363 |
| Operating ratio (percent)..... | 95.0 | 95.5 |
| Net operating revenues..... | \$12,557,170 | \$9,766,696 |
| Other income..... | 9,329,514 | 9,375,054 |
| Other deductions..... | 2,581,732 | 2,031,817 |
| Net income before income taxes..... | 19,304,952 | 17,109,933 |
| Net income after income taxes..... | 14,087,351 | 12,681,716 |

¹ Class I motor carriers are those having average gross operating revenues of \$100,000 or over annually. Smaller carriers are not required to file reports of their revenues and expenses.

² This table does not include the reports of 162 carriers that failed to furnish comparable figures for 1946. The total figures for these 162 carriers amounted to the following for the 12 months' period: Operating revenues, \$46,876,780; operation and maintenance expenses, \$39,015,314; other expenses, \$5,964,536; total expenses, \$44,979,850; net operating revenue, \$1,896,930; net income before income taxes, \$2,307,810; net income after income taxes, \$1,863,148.

TABLE G.—Revenues, expenses, and income of class I motor carriers ¹ of passengers for the calendar year 1947 compared with those of the same carriers for 1946

| Item | Total carriers reported | |
|---|-------------------------|-----------------|
| | 1947 | 1946 |
| <i>Intercity carriers</i> | | |
| Number of carriers represented..... | 254 | 254 |
| Operating revenues: | | |
| Passenger revenue—Intercity schedules..... | \$354, 666, 532 | \$380, 577, 453 |
| Passenger revenue—Local and suburban schedules..... | 15, 436, 434 | 16, 155, 883 |
| Passenger revenue—Charter or special service..... | 8, 529, 483 | 7, 048, 139 |
| Other operating revenue..... | 11, 818, 406 | 10, 767, 455 |
| Total operating revenues..... | 390, 450, 855 | 414, 548, 930 |
| Operating expenses: | | |
| Equipment maintenance and garage expense..... | 76, 617, 689 | 78, 325, 560 |
| Transportation expense..... | 108, 541, 043 | 101, 589, 066 |
| Station expense..... | 37, 325, 242 | 37, 811, 133 |
| Traffic, solicitation, and advertising expense..... | 10, 875, 775 | 10, 676, 507 |
| Insurance and safety expense..... | 15, 005, 330 | 15, 909, 062 |
| Administrative and general expense..... | 27, 130, 240 | 26, 589, 145 |
| Total operation and maintenance expenses..... | 275, 495, 319 | 270, 900, 473 |
| Depreciation expense..... | 21, 722, 864 | 18, 986, 866 |
| Amortization chargeable to operations..... | 115, 076 | 127, 236 |
| Operating taxes and licenses..... | 31, 662, 216 | 31, 475, 161 |
| Operating rents—net..... | 5, 283, 231 | 6, 636, 616 |
| Total expenses..... | 334, 278, 706 | 328, 126, 352 |
| Operating ratio (percent)..... | 85. 6 | 79. 2 |
| Net operating revenue..... | \$56, 172, 149 | \$86, 422, 578 |
| Other income..... | 2, 952, 728 | 3, 589, 625 |
| Other deductions..... | 2, 878, 135 | 2, 510, 923 |
| Net income before income taxes..... | 56, 246, 742 | 87, 501, 280 |
| Net income after income taxes..... | 34, 300, 210 | 53, 928, 648 |
| <i>Local carriers</i> | | |
| Number of carriers represented..... | 93 | 93 |
| Total operating revenues..... | \$86, 411, 008 | \$86, 566, 595 |
| Total expenses..... | 79, 846, 182 | 72, 698, 781 |
| Operating ratio (percent)..... | 92. 4 | 84. 0 |
| Net operating revenue..... | \$6, 564, 826 | \$13, 867, 814 |
| Other income..... | 1, 139, 642 | 1, 175, 656 |
| Other deductions..... | 1, 504, 937 | 1, 571, 282 |
| Net income before income taxes..... | 6, 199, 531 | 13, 472, 188 |
| Net income after income taxes..... | 3, 432, 216 | 8, 389, 647 |

¹ Class I motor carriers are those having annual gross operating revenues of \$100,000 or over.

TABLE H.—*Revenues, expenses, and statistics of freight forwarders for the years 1947 and 1946*¹

| Item | Total carriers reported | |
|---|-------------------------|-----------------|
| | 1947 | 1946 |
| Number of forwarders represented..... | 49 | 49 |
| Operating revenues: | | |
| Transportation revenues..... | \$238, 451, 988 | \$198, 516, 371 |
| Transportation purchased—Dr.: | | |
| Railroad transportation..... | 132, 191, 017 | 109, 980, 730 |
| Motor transportation..... | 24, 906, 445 | 20, 131, 551 |
| Water transportation..... | 818, 452 | 297, 931 |
| Pick-up, delivery, and transfer service..... | 24, 733, 420 | 23, 142, 314 |
| Other transportation purchased..... | 507, 839 | 503, 248 |
| Total transportation purchased..... | 183, 157, 173 | 154, 055, 774 |
| Forwarder revenue from transportation..... | 55, 294, 815 | 44, 460, 597 |
| Incidental revenues..... | 946, 123 | 867, 475 |
| Total operating revenues..... | 56, 240, 938 | 45, 328, 072 |
| Operating expenses: | | |
| Salaries, wages, and expenses of employees..... | 30, 112, 273 | 25, 740, 919 |
| Paid to others for services rendered..... | 8, 791, 210 | 7, 613, 002 |
| Operating rents..... | 1, 659, 270 | 1, 329, 801 |
| Communication and postage..... | 1, 789, 840 | 1, 659, 288 |
| Pay-roll taxes..... | 1, 412, 231 | 1, 029, 728 |
| All other operating expense..... | 5, 208, 962 | 4, 209, 596 |
| Total operating expenses..... | 48, 973, 786 | 41, 582, 334 |
| Income items: | | |
| Revenue from forwarder operations..... | 7, 267, 152 | 3, 745, 738 |
| Transportation tax accruals..... | 134, 073 | 105, 459 |
| Revenues, less taxes, from forwarder operations..... | 7, 133, 079 | 3, 640, 279 |
| Other income..... | 939, 019 | 675, 110 |
| Total income..... | 8, 072, 098 | 4, 315, 389 |
| Miscellaneous deductions from income..... | 960, 816 | 580, 379 |
| Net income before fixed charges and income taxes..... | 7, 111, 282 | 3, 735, 010 |
| Fixed charges: | | |
| Interest on long-term debt..... | 12, 419 | 3, 753 |
| Other fixed charges..... | 44, 697 | 34, 922 |
| Total fixed charges..... | 57, 116 | 38, 675 |
| Net income before provisions for income taxes..... | 7, 054, 166 | 3, 696, 335 |
| Provisions for income taxes..... | 2, 443, 981 | 1, 364, 225 |
| Net income..... | 4, 610, 185 | 2, 332, 110 |
| Statistics: | | |
| Tons of freight received from shippers..... | 4, 523, 250 | 4, 548, 277 |
| Number of shipments received from shippers..... | 18, 728, 861 | 19, 208, 321 |

¹ Confined to forwarders having gross revenues of \$100,000 or more per annum.

TABLE I.—*Selected statistics of private car owners,¹ year 1947*

| Item | Refrigerator cars | Tank cars | | Other cars ² | Total |
|---------------------------------------|-------------------|-----------|---------|-------------------------|-----------|
| | | Petroleum | Other | | |
| Cars owned at close of year..... | 113,697 | 120,297 | 11,012 | 13,763 | 258,769 |
| Serviceable cars..... | 106,669 | 117,629 | 10,570 | 13,402 | 248,270 |
| Unserviceable cars..... | 7,028 | 2,668 | 442 | 361 | 10,499 |
| Miles made by owned cars (thousands): | | | | | |
| Loaded..... | 2,394,190 | 1,120,864 | 68,278 | 46,535 | 3,629,867 |
| Empty..... | 1,550,793 | 1,119,300 | 67,803 | 46,889 | 2,784,785 |
| Not separable..... | 180,733 | 81,177 | 17,632 | 65,938 | 345,480 |
| Total..... | 4,125,716 | 2,321,341 | 153,713 | 159,362 | 6,760,132 |
| Revenue receivable, on—(thousands): | | | | | |
| Car mileage basis..... | \$102,484 | \$34,685 | \$2,436 | \$2,140 | \$141,745 |
| Car rental basis..... | 560 | 5,273 | 240 | 1,888 | 7,961 |
| Other car service basis..... | 345 | 43 | 37 | 10 | 435 |
| Total..... | 103,389 | 40,001 | 2,713 | 4,038 | 150,141 |

¹ Confined to owners of 10 or more cars. Compiled from reports of 230 owners.² Includes such cars as stock, gondola, hopper, air dump, box, cradle, flat, vat, et cetera.TABLE J.—*Selected financial and operating data of oil pipe-line companies, 1947, 1946, and 1945*

| Item | 1947 | 1946 | 1945 |
|--|-----------------|-----------------|-----------------|
| Miles of line operated: | | | |
| Gathering lines..... | 45,909 | 44,862 | 43,994 |
| Trunk lines..... | 73,389 | 71,682 | 69,357 |
| Investment in carrier property..... | \$1,225,168,434 | \$1,106,453,978 | \$1,042,522,828 |
| Capital stock ¹ | \$233,815,067 | \$240,148,818 | \$253,782,318 |
| Funded debt unmaturred ¹ | \$105,543,388 | \$57,659,257 | \$47,430,525 |
| Accrued depreciation—carrier property..... | \$647,123,151 | \$622,276,289 | \$592,339,272 |
| Operating revenues..... | \$325,223,884 | \$293,722,598 | \$304,268,132 |
| Operating expenses..... | \$214,681,999 | \$183,869,101 | \$191,667,755 |
| Pipe-line taxes: | | | |
| U. S. Government taxes..... | \$44,369,699 | \$43,292,770 | \$35,729,646 |
| Other than U. S. Government taxes..... | \$11,757,038 | \$10,075,527 | \$9,743,325 |
| Pipe-line operating income..... | \$54,415,148 | \$56,485,200 | \$67,127,406 |
| Net income..... | \$53,144,549 | \$56,094,398 | \$65,940,663 |
| Dividend appropriations ¹ | \$23,642,591 | \$35,341,092 | \$18,853,148 |
| Number of barrels of oil received into system..... | 2,481,860,519 | 2,272,225,935 | 2,379,243,526 |
| Number of barrel-miles (trunk lines): | | | |
| Crude oil (thousands)..... | 465,503,961 | 428,843,173 | 429,942,740 |
| Refined oils (thousands)..... | 71,554,783 | 58,752,072 | 65,360,294 |
| Total employees: | | | |
| Average number..... | 27,085 | 25,807 | 23,752 |
| Compensation..... | \$101,128,010 | \$84,446,256 | \$76,247,587 |

¹ Excludes data for 13 companies in 1947, 12 companies in 1946, and 15 companies in 1945, as the annual reports filed by these companies relate to pipe-line departments of large oil companies or which are agencies of the Reconstruction Finance Corporation in 1945 and these items are not segregated for the pipe-line departments.

TABLE K.—*Revenues and traffic of carriers by water, 1947 and 1946*¹

| Item | 1947 | 1946 |
|--|---------------|--------------|
| Freight revenues..... | \$148,793,725 | \$86,511,505 |
| Number of tons of revenue freight carried..... | 67,401,249 | 52,442,354 |
| Passenger revenue..... | \$15,917,784 | \$14,290,691 |
| Number of revenue passengers carried..... | 10,698,610 | 12,686,967 |

¹ Compiled from quarterly reports of 131 carriers of classes A and B.TABLE L.—*Selected financial and operating data of electric railways, 1947, 1946, and 1945*

| Item | 1947 | 1946 | 1945 |
|--|---------------|---------------|---------------|
| Miles of road operated..... | 2,456 | 2,899 | 3,026 |
| Investment in road and equipment..... | \$270,384,228 | \$279,736,586 | \$287,209,167 |
| Capital stock..... | \$95,463,304 | \$95,732,677 | \$117,628,821 |
| Unmatured funded debt..... | \$40,241,726 | \$43,507,355 | \$64,175,401 |
| Accrued depreciation—road and equipment..... | \$51,224,959 | \$47,135,717 | \$45,834,913 |
| Railway operating revenues: | | | |
| Freight revenue..... | \$35,304,874 | \$29,782,475 | \$33,648,969 |
| Passenger revenue..... | \$35,160,753 | \$41,554,189 | \$45,975,367 |
| All other revenues..... | \$3,101,053 | \$7,571,638 | \$7,749,494 |
| Total railway operating revenues..... | \$73,566,680 | \$78,908,302 | \$87,373,830 |
| Total railway operating expenses..... | \$71,452,104 | \$72,859,369 | \$73,697,048 |
| Taxes assignable to railway operations: | | | |
| Other than U. S. Government taxes..... | \$2,245,114 | \$2,262,529 | \$2,484,927 |
| U. S. Government taxes..... | \$5,172,091 | \$1,136,262 | \$4,103,679 |
| Operating income..... | \$752,219 | \$3,042,580 | \$7,299,184 |
| Net income..... | \$1,004,533 | \$150,891 | \$1,922,917 |
| Dividends declared..... | \$1,867,820 | \$2,625,252 | \$1,788,529 |
| Employees: | | | |
| Average number..... | 14,804 | 16,250 | 16,809 |
| Compensation..... | \$43,500,784 | \$44,527,897 | \$40,732,966 |

APPENDIX D

AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE AND TRANSPORTATION ACTS, AND LOANS UNDER THE RECONSTRUCTION FINANCE CORPORATION ACT

*Certificates of convenience and necessity for construction of lines of railroad under
section 1 (18) of the Interstate Commerce Act, as amended*

| Name of applicant | Location of line | Miles |
|--|--|---------|
| Atlantic Coast Line R. Co. | Glynn County, Ga. | 0.714 |
| Do | Orangeburg and Dorchester Counties, S. C. | 1.890 |
| Chesapeake & O. Ry. Co. | Logan and Mingo Counties, W. Va. | 5.930 |
| Do | Magoffin and Breathitt Counties, Ky. | 15.700 |
| Chicago & N. W. Ry. Co. | Butte County, S. Dak., and Crook County, Wyo. | 18.000 |
| Cleveland, C., C. & St. L. Ry. Co. and New York Central R. Co. | Christian County, Ill. | 2.500 |
| Lake Superior & I. R. Co. | Marquette County, Mich. | 14.300 |
| Louisiana & Arkansas Ry. Co., Louisville & N. R. Co., and City of New Orleans, La. | Orleans and Jefferson Parishes, La. | 7.665 |
| Louisville & N. R. Co. | Perry County, Ky. | 5.940 |
| Oregon Pac. & E. Ry. Co. | Lane County, Oreg. | 10.300 |
| Patapsco & B. R. Co. | Baltimore County, Md. | 3.400 |
| Philadelphia, B. & W. R. Co., and Pennsyl- vania R. Co. | Baltimore County, Md. | 6.000 |
| Point Comfort & N. Ry. Co. | Jackson and Calhoun Counties, Tex. | 12.000 |
| St. Louis-S. F. Ry. Co. | Sebastian County, Ark. | 1.250 |
| Texas & N. O. R. Co., Southern Pac. Co., El Paso & S. W. R. Co. of Texas, and Texas & Pac. Ry. Co. | El Paso County, Tex. | 3.100 |
| Virginia & C. S. R. Co. | Robeson County, N. C. | 2.020 |
| Virginian Ry. Co. | Wyoming County, W. Va. | 2.000 |
| Do | Raleigh County, W. Va. | 4.070 |
| Total number of miles. | | 116.779 |

| | <i>Miles</i> |
|--|--------------|
| 22 applications filed involving | 126.387 |
| 18 certificates issued authorizing construction of | 116.779 |
| 1 application denied involving | 229.000 |
| 1 application dismissed involving | .511 |
| Authorized since effective date of act | 10,709 |
| Portion thereof actually constructed | 7,626 |
| Portion thereof deferred or abandoned | 2,885 |
| Portion in which time for construction has not expired | 198 |

*Certificates of convenience and necessity for abandonment of lines of railroad or the
operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as
amended*

| Name of applicant | Location of line | Miles |
|--|--|--------|
| Atlantic & C. R. Co. | Duplin County, N. C. | 9.520 |
| Atlantic Coast Line R. Co. | Glynn County, Ga. | 6.140 |
| Baltimore & O. R. Co. | Harrison and Lewis Counties, W. Va. | 10.360 |
| Bingham & G. Ry. Co. | Salt Lake County, Utah | 20.370 |
| Central R. Co. of New Jersey trustee | Hudson County, N. J. | 2.600 |
| Chicago, B. & Q. R. Co. | Harlan County, Nebr. and Phillips County, Kans. | 15.110 |
| Do | Adams and Pike Counties, Ill. | 24.510 |
| Do | Polk, Warren, and Madison Counties, Iowa. | 32.140 |
| Chicago, M., St. P. & P. R. Co. | Houston County, Minn. | 13.600 |
| Chicago, St. L. & N. O. R. Co., and Illinois Central R. Co. | Yalobusha and Grenada Counties, Miss. | 13.660 |

Certificates of convenience and necessity for abandonment of lines of railroad on the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended—Continued

| Name of applicant | Location of line | Miles |
|--|--|---------|
| Chicago, St. L. & N. O. R. Co., Illinois Central R. Co., Louisiana & Arkansas Ry. Co., Louisville & N. R. Co., New Orleans T. Co., Gulf, M. & O. R. Co., New Orleans & N. R. Co., and Texas & N. O. R. Co. | Orleans and Jefferson Parishes, La..... | 14.356 |
| Delaware, L. & W. R. Co. | Morris County, N. J..... | 3.180 |
| Denver & R. G. W. R. Co. | Sanpete and Juab Counties, Utah..... | 23.210 |
| Do. | Gunnison and Montrose Counties, Colo..... | 26.630 |
| Detroit, C. & S. Ry. Co. | Sanilac County, Mich..... | 11.000 |
| East Broad Top R. & C. Co. | Huntingdon County, Pa..... | 4.600 |
| Elgin, J. & E. Ry. Co. | Vermilion, Iroquois, Kankakee, Will, and Cook Counties, Ill., and Vermilion County, Ind..... | 200.000 |
| Evansville, S. & N. Ry. Co. | Vanderburgh and Warrick Counties, Ind..... | 18.000 |
| Grasse River R. Corp. | St. Lawrence County, N. Y..... | 13.200 |
| Illinois Central R. Co. | Hardin County, Ill..... | 3.650 |
| Do. | Grenada, Carroll, and Leflore Counties, Miss..... | 31.500 |
| Do. | St. Clair County, Ill..... | 3.250 |
| Lehigh & N. E. R. Co. | Northampton County, Pa..... | 1.921 |
| Los Angeles & S. L. R. Co., and Union Pac. R. Co., lessee. | Riverside County, Calif..... | 2.000 |
| Louisville & N. R. Co. | Lee County, Ky..... | 6.070 |
| Midland T. Ry. Co. | El Paso and Teller Counties, Colo..... | 55.900 |
| Minneapolis & St. L. Ry. Co. | Hancock and Kossuth Counties, Iowa..... | 7.288 |
| Minnesota, D. & W. Ry. Co. | Koochiching County, Minn..... | 17.110 |
| Mobile & G. R. Co. | Fayette and Tuscaloosa Counties, Ala..... | 23.000 |
| Moore Central R. Co. | Moore County, N. C..... | 10.000 |
| New Iberia & N. R. Co. trustee. | Iberia Parish, La..... | 3.957 |
| New York Central R. Co. | Tioga County, Pa..... | 12.300 |
| New York, N. H. & H. R. Co. | New Haven and Fairfield Counties, Conn..... | 9.100 |
| Do. | Litchfield and Fairchild Counties, Conn..... | 32.440 |
| Northern Pac. Ry. Co. | Chisago County, Minn..... | 20.600 |
| Oregon S. L. R. Co., and Union Pac. R. Co. | Box Elder County, Utah..... | 4.930 |
| Do. | Cache County, Utah..... | 2.980 |
| Rapid City, B. H. & W. R. Co. | Pennington County, S. Dak..... | 33.500 |
| Reading Co. | Lehigh and Berks Counties, Pa..... | 4.330 |
| Do. | Lehigh County, Pa..... | 1.760 |
| Do. | Chester County, Pa..... | 6.700 |
| St. Louis, B. & M. Ry. Co. trustee. | Nueces County, Tex..... | 16.389 |
| St. Louis S. W. Ry. Co. | Craighead and Poinsett Counties, Ark..... | 6.030 |
| Southern Iowa Ry. Co. | Appanoose and Monroe Counties, Iowa..... | 10.760 |
| Southern Pac. Co. | Lane County, Oreg..... | 2.545 |
| Do. | Sutter County, Calif..... | 1.620 |
| Southern Ry. Co. | Floyd County, Ga., and Cherokee and Etowah Counties, Ala..... | 50.000 |
| Springfield E. Ry. Co., and Springfield T. Ry. Co. | Sullivan County, N. H..... | 1.000 |
| Springfield T. Ry. Co. | Windsor County, Vt..... | .378 |
| Staten Island R. T. Ry. Co. | Staten Island, N. Y., and Perth Amboy, N. J..... | .681 |
| Texas & N. O. R. Co. | Dallas County, Tex..... | 2.000 |
| Texas & N. O. R. Co., Southern Pac. Co., El Paso & S. W. R. Co. of Texas, and Texas & Pac. Ry. Co. | El Paso County, Tex..... | 9.160 |
| Union Pac. R. Co. | Howard and Buffalo Counties, Nebr..... | 22.100 |
| West Feliciana Ry. Co. | West Feliciana Parish, La..... | 17.730 |
| West Shore R. Co. and New York Central R. Co. | Onondaga County, N. Y..... | 2.300 |
| Wisconsin Central Ry. Co. trustee and Minneapolis, St. P. & S. S. M. R. Co. | Lake County, Ill., and Kenosha County, Wis..... | 3.370 |
| Youngstown & S. Ry. Co. | Beaver County, Pa. and Columbiana County, Ohio..... | 4.824 |
| Total number of miles..... | | 907.359 |

| | Miles |
|--|---------|
| 65 applications filed involving..... | 781.311 |
| 57 certificates issued permitting abandonment of..... | 907.359 |
| 6 applications denied in whole or in part involving..... | 49.303 |
| 9 applications dismissed involving..... | 100.841 |
| Abandonments permitted since effective date of act..... | 33,952 |

Certificates of convenience and necessity for acquisition and/or operation of lines of railroads issued under section 1 (18) of the Interstate Commerce Act, as amended

| Name of applicant | Location of line | Miles |
|--|--|--------|
| Baltimore & O. R. Co..... | Nicholas and Greenbrier Counties, W. Va..... | 11.360 |
| Do..... | Harrison and Lewis Counties, W. Va..... | 13.470 |
| Chicago, B. & Q. R. Co..... | Union County, Iowa..... | .439 |
| Do..... | Harlan County, Nebr., and Phillips County, Kans..... | 12.350 |
| Chicago, St. L. & N. O. R. Co., and Illinois Central R. Co..... | Yalobusha and Grenada Counties, Miss..... | 11.680 |
| Denver & R. G. W. R. Co..... | Salt Lake County, Utah..... | 1.988 |
| Lehigh Valley R. Co..... | Luzerne County, Pa..... | .587 |
| Louisville & N. R. Co. and City of New Orleans, La..... | Orleans and Jefferson Parishes, La..... | 2.827 |
| Northern Pac. Ry. Co. and Oregon-Washington R. & N. Co., Union Pac. R. Co. lessee. | Benton County, Wash..... | 6.670 |
| Pacific Electric Ry. Co..... | Orange County, Calif..... | 1.099 |
| Total number of miles..... | | 62.470 |

Miles

| | |
|---------------------------------------|---------|
| 12 applications filed involving..... | 136.874 |
| 10 certificates issued involving..... | 62.470 |

Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties

| Acquiring carrier | Owning carrier | Miles | How acquired |
|--|--|---------|-------------------------------------|
| Aluminum Co. of America..... | Point Comfort & N. Ry. Co..... | 12.000 | Ownership of stock. |
| Aluminum Co. of America and Alton & S. R..... | St. Louis & O. R. R..... | 10.000 | Purchase. |
| Atlantic Coast Line R. Co., Florida East Coast Ry. Co. trustees, Seaboard Air Line R. Co., Southern Ry. Co., and Georgia S. & F. Ry. Co. | Jacksonville T. Co..... | (1) | Joint use. |
| Baltimore & O. R. Co..... | Ohio & L. K. R. Co..... | 72.120 | Modified operating agreement. |
| Central R. Co. of New Jersey trustee. | Dover & R. R. Co..... | 4.540 | Ownership of additional stock. |
| Chicago & E. I. R. Co., Chicago, I. & L. Ry. Co., Erie R. Co., Grand Trunk W. R. Co., and Wabash R. Co. | Chicago & W. I. R. Co..... | 35.780 | Modified intertenant agreement. |
| Chicago, B. & Q. R. Co..... | Northern Pac. Ry. Co..... | 3.160 | Modified trackage rights agreement. |
| Do..... | Illinois T. R. Co..... | 4.540 | Modified trackage rights agreement. |
| Do..... | Chicago G. W. Ry. Co..... | 51.000 | Trackage rights. |
| Chicago G. W. Ry. Co..... | Des Moines U. Ry. Co..... | (6) | Joint use. |
| Chicago, R. I. & Pac. Ry. Co. trustees. | Kansas City S. Ry. Co., Chicago, M., St. P. & P. R. Co., Missouri Pac. R. Co., Union Pac. R. Co., and Wabash Ry. Co. | 6.363 | Trackage rights. |
| Chicago, R. I. & Pac. Ry. Co..... | Warren & O. V. R. Co..... | 15.900 | Ownership of stock. |
| Denver & R. G. W. R. Co..... | Ogden U. Ry. & D. Co..... | (2) | Joint use. |
| Do..... | Missouri Pac. R. Co. trustee. | 4.903 | Joint use. |
| Erie R. Co..... | Rochester & G. V. R..... | 18.170 | Ownership of stock. |
| Great Northern Ry. Co..... | Northern Pac. Ry. Co..... | 3.160 | Trackage rights. |
| Gulf, M. & O. R. Co..... | Joliet & C. R. Co., and Louisiana & M. R. R. Co. | 109.000 | Ownership of stock. |
| Gulf, M. & O. R. Co., Illinois Central R. Co., Louisiana & Arkansas Ry. Co., Louisville & N. R. Co., Missouri Pac. R. Co. trustee, New Orleans & N. R. Co., Texas & N. O. R. Co., Texas & Pac. Ry. Co., and Texas Pac.-Missouri Pac. T. R. of New Orleans. | New Orleans T. Co., New Orleans U. P. T. Co., Illinois Central R. Co., and City of New Orleans, La. | 24.145 | Joint use and/or ownership. |
| Kansas City C. R. Co..... | Kansas City S. Y. Co. of Maine. | (3) | Lease. |
| Kansas, O. & G. Ry. Co..... | Kansas, O. & G. Ry. Co., trustee. | 9.000 | Do. |

See footnotes at end of table.

*Authorizations under section 5 (2) of the Interstate Commerce Act as amended,
involving railroad properties—Continued*

| Acquiring carrier | Owning carrier | Miles | How acquired |
|--|---|------------------|----------------------------|
| Missouri Pac. R. Co. trustee..... | Denver & R. G. W. R. Co..... | 7.219 | Joint use. |
| Murfreesboro & N. R. Co..... | Murfreesboro-Nashville Ry. Co. | 14.970 | Purchase. |
| New York Central R. Co..... | Beech Creek R. Co..... | 118.110 | Ownership of stock. |
| New York Central R. Co., Le- high Valley R. Co., and Erie R. Co. | Niagara Junction Ry. Co..... | 4.540 | Do. |
| Northern Pac. Ry. Co..... | Oregon-Washington R. & N. Co., Union Pac. R. Co., lessee. | 4.920 | Trackage rights. |
| Pacific Electric Ry. Co..... | Southern Pac. R. Co..... | 13.438 | Purchase. |
| Do..... | do..... | .700 | Do. |
| Pennsylvania Co. ¹ and Penn- sylvania R. Co. | Montour R. Co..... | 46.390 | Ownership of stock. |
| Reading Co..... | Mount Carmel R. Co..... | 5.860 | Modified lease. |
| Do..... | Mill Creek & M. H. N. & R. Co., Mount Carbon & P. C. R. Co., and Schuylkill Val- ley N. and R. Co. | 23.560 | Ownership of stock. |
| Do..... | Catawissa R. Co., and Little Schuylkill N. R. & C. Co. | 127.170 | Do. |
| Do..... | Williams Valley R. Co..... | 11.080 | Merger. |
| St. Johnsbury & L. C. R. Co..... | St. Johnsbury & L. C. R..... | 96.200 | Purchase. |
| Southern Pac. Co..... | Dawson Ry. Co..... | 131.965 | Ownership of stock. |
| Do..... | Union B. Ry. of Oakland..... | .710 | Do. |
| Southern Ry. Co..... | Louisville & N. R. Co..... | 4.390 | Joint use. |
| South San Francisco L. H. Co..... | United S. Corp..... | (³) | Lease. |
| Texas & Pac. Ry. Co., and Southern Pac. Co. | Texas & N. O. R. Co., and El Paso & S. W. R. Co. of Texas. | 4.440 | Trackage rights and lease. |
| Wabash R. Co..... | Chicago, B. & Q. R. Co..... | (⁵) | Joint use. |
| Wheeling & L. E. Ry. Co..... | Zanesville B. & T. Ry Co..... | 3.230 | Purchase. |

¹ Passenger and freight facilities at Jacksonville, Fla.² Union passenger station at Ogden, Utah.³ Livestock loading and unloading facilities.⁴ Holding company.⁵ Missouri River bridge at Kansas City, Mo.⁶ Passenger facilities at Des Moines, Iowa.

46 applications filed.

40 authorizations granted.

1 application dismissed.

3 applications denied.

*Authorizations issued under section 5 (2) of the Interstate Commerce Act, as amended,
involving water carriers*

| Acquiring carrier | Owning carrier | Service | How acquired |
|--|--|------------------------------------|-------------------------------------|
| Arnold T. Co., and Union T. P., Inc. | Island T. Co..... | Lake Huron..... | Purchase and ownership of stock. |
| Arrow T. & B. Co., and John G. White. ¹ | Arrow T. & B. Co..... | Columbia River and tributaries. | Ownership of stock. |
| Burns S. S. Co., and L. G. Burns. ¹ | J. Ramselius & Co..... | Pacific coast ports..... | Purchase and ownership of stock. |
| Cleveland & B. S. Co..... | Thomas J. McGuire, managing agent. | Lake Michigan..... | Purchase. |
| Commercial B. L., Inc., and Walter F. Carey ¹ and Bert B. Beveridge. ¹ | Greene L. S. Inc..... | Ohio River..... | Lease and ownership of stock. |
| Fishers I. F. D..... | Fishers I. N. Co..... | Long Island Sound..... | Purchase. |
| Inland W. Corp..... | Warrior River T. Co..... | (²)..... | Merger. |
| Oliver J. Olson & Co..... | Sudden & Christian (Coastwise Service). | Pacific coast ports..... | Purchase. |

¹ Individual.² Railroad line in Alabama.

8 applications filed.

8 authorizations granted.

4 applications dismissed.

Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended

Stock, common:

| | |
|--|--------------------------|
| For construction and for reimbursement for capital expenditures not capitalized..... | ¹ \$50, 000 |
| For construction of new lines and for acquisition of equipment..... | 500, 000 |
| For conversion of mortgage income bonds..... | ¹ 1, 550, 000 |
| For exchange for common stock..... | 222, 318, 150 |
| For general corporate purposes (not segregated)..... | ¹ 320, 000 |
| For payment of advances..... | 100, 000 |
| For reorganization..... | 9, 240, 000 |
| | ¹ 1, 873, 363 |
| Total..... | 232, 158, 150 |
| | ¹ 3, 793, 363 |

Stock preferred:

| | |
|---|--------------------------|
| For conversion of general mortgage bonds..... | 80, 000, 000 |
| For exchange for matured and unmatured funded debt..... | 1, 112, 000 |
| For exchange for preferred stock..... | 99, 543, 100 |
| For reorganization..... | 91, 954, 200 |
| Total..... | 272, 609, 300 |
| Total stock..... | 504, 767, 450 |
| | ¹ 3, 793, 363 |

Bonds, collateral-trust:

| | |
|-----------------------------------|-------------|
| For acquisition of equipment..... | 7, 000, 000 |
|-----------------------------------|-------------|

Bonds, income-debentures:

| | |
|---|----------|
| For extension of matured funded debt..... | 917, 200 |
|---|----------|

Bonds, income-mortgage:

| | |
|-------------------------|--------------|
| For reorganization..... | 95, 073, 800 |
|-------------------------|--------------|

Bonds, mortgage:

| | |
|--|--------------|
| For acquisition of securities of other companies..... | 28, 000, 000 |
| For construction and for reimbursement for capital expenditures not capitalized..... | 4, 000, 000 |
| For exchange for common and preferred stock..... | 2, 736, 000 |
| For exchange for matured and unmatured funded debt..... | 1, 000, 000 |
| For extension of matured funded debt..... | 7, 338, 500 |
| For general corporate purposes (not segregated)..... | 9, 500, 000 |
| For payment of advances..... | 12, 062, 000 |
| For pledge..... | 30, 727, 000 |
| For redemption of unmatured funded debt..... | 4, 833, 000 |
| For refunding purposes..... | 19, 394, 000 |
| For reorganization..... | 42, 770, 300 |
| For sale to meet unmatured funded debt..... | 41, 396, 000 |
| For sale—proceeds used for capital purposes including acquisition of equipment..... | 30, 000, 000 |
| For satisfaction of sinking fund requirements..... | 1, 000, 000 |
| Assumption of obligation and liability in respect of \$85,596,000..... | |

| | |
|------------|---------------|
| Total..... | 234, 756, 800 |
|------------|---------------|

| | |
|------------------|---------------|
| Total bonds..... | 337, 747, 800 |
|------------------|---------------|

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Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended—Continued

Notes, secured:

| | |
|---|--------------|
| For acquisition of equipment..... | \$15, 000 |
| For acquisition of property, including equipment..... | 225, 000 |
| For modification of interest and of maturity dates..... | 16, 482, 250 |
| For refunding purposes..... | 250, 000 |
| Total..... | 16, 972, 250 |

Notes, unsecured:

| | |
|--|--------------|
| For acquisition of equipment..... | 1, 239, 360 |
| For refunding purposes..... | 1, 383, 585 |
| For sale to redeem stock..... | 6, 645, 000 |
| Assumption of obligation and liability in respect of \$10,067,960.45..... | |
| Total..... | 9, 267, 945 |
| Total notes..... | 26, 240, 195 |

Equipment obligations:

| | |
|--|---------------|
| Assumed by carriers..... | 418, 501, 000 |
| Assumption of obligation and liability in respect of \$3,237,000. | |

| | |
|-----------------------------|-------------------------------------|
| Grand total securities..... | { 1, 287, 256, 445 1 3, 793, 363 |
|-----------------------------|-------------------------------------|

¹ Shares of stock without par or nominal value.

129 applications filed.
121 applications approved.
5 applications dismissed.

Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended

Stock, common:

| | |
|--|--------------|
| For acquisition of property other than equipment..... | \$100, 000 |
| For acquisition of securities of other companies..... | 896, 100 |
| For conversion of preferred stock..... | 375, 000 |
| For exchange for common stock..... | 29, 081, 925 |
| For reimbursement of treasury and for general corporate purposes..... | 75, 000 |
| For stock dividends..... | 162, 500 |
| Total..... | 30, 690, 525 |

Stock, preferred:

| | |
|-----------------------------------|--------------|
| For acquisition of equipment..... | 1, 200, 000 |
| Total stock..... | 31, 890, 525 |

Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act—Continued

Notes, secured:

| | |
|--|---------------|
| For acquisition of equipment..... | \$5, 152, 282 |
| For acquisition of property including equipment..... | 55, 000 |
| For acquisition of property other than equipment..... | 297, 000 |
| For construction of terminal facilities..... | 125, 000 |
| For construction of terminal facilities, acquisition of equipment and for working capital..... | 325, 000 |
| For exchange for notes previously issued..... | 415, 675 |
| For general corporate purposes..... | 528, 000 |
| For pledge..... | 420, 000 |
| For refunding purposes..... | 75, 000 |
| For refunding purposes and for acquisition of equipment..... | 400, 000 |
| Assumption of obligation and liability in respect of \$2,830,000. | |

| | |
|------------|-------------|
| Total..... | 7, 792, 957 |
|------------|-------------|

Notes, unsecured:

| | |
|---|-------------|
| For acquisition of equipment..... | 870, 783 |
| For acquisition of property and of securities of other companies..... | 600, 000 |
| For acquisition of property other than equipment..... | 40, 000 |
| For exchange for notes previously issued..... | 54, 880 |
| For general corporate purposes..... | 288, 510 |
| For rehabilitation of equipment..... | 1, 440, 000 |
| Assumption of obligation and liability in respect of \$2,830,000. | |

| | |
|------------|-------------|
| Total..... | 3, 294, 173 |
|------------|-------------|

| | |
|------------------|--------------|
| Total notes..... | 11, 087, 130 |
|------------------|--------------|

Debentures:

| | |
|---|-------------|
| For acquisition of securities of other companies..... | 6, 775, 500 |
|---|-------------|

Bonds, mortgage:

| | |
|-------------------------------------|----------|
| For general corporate purposes..... | 600, 000 |
|-------------------------------------|----------|

| | |
|-----------------------------|--------------|
| Grand total securities..... | 50, 353, 155 |
|-----------------------------|--------------|

50 applications filed.
39 applications approved.
8 applications dismissed.
1 application denied.

172 REPORT OF THE INTERSTATE COMMERCE COMMISSION

Bond issues sold at competitive bidding, authorized under section 20a of the Interstate Commerce Act, as amended, from Nov. 1, 1947, to Oct. 31, 1948

| Name of company and description of issue | Year | Principal amount | Coupon rate | Date bids opened | Number of bids | Price to company | Interest cost (per cent) | Price to public | Gross spread |
|--|------|------------------|-------------|------------------|----------------|------------------|--------------------------|-----------------|--------------|
| Jacksonville Terminal Company, first-mortgage bonds, series A..... | 1967 | \$4,000,000 | 3½ | Oct. 28, 1947 | 6 | 100.32 | 3.36 | 101.375 | 1.055 |
| Union Terminal Company, first-mortgage bonds..... | 1978 | 4,833,000 | 3 | Apr. 26, 1948 | 3 | 99.411 | 3.03 | 100.00 | .589 |
| Kansas City Southern Railway Company first-mortgage 20-year bonds, series B..... | 1968 | 14,000,000 | 3½ | June 8, 1948 | 5 | 99.40 | 3.67 | 100.35 | .95 |
| Gulf, Mobile & Ohio Railroad Company, collateral-trust bonds..... | 1968 | 7,000,000 | 3¾ | June 24, 1948 | 4 | 100.089992 | 3.75 | 101.00 | .9100 |
| Louisville & Nashville Railroad Company, first and refunding mortgage bonds, series H..... | 2003 | 30,000,000 | 3¾ | June 30, 1948 | 1 | 98.26991 | 3.83 | 100.00 | 1.7301 |
| Lakefront Dock & Railroad Terminal Company, first-mortgage sinking-fund bonds, series A..... | 1968 | 9,250,000 | 3½ | July 14, 1948 | 3 | 98.71 | 3.97 | 99.66 | .95 |
| Virginian Railway Company, first-lien and refunding mortgage bonds, series C..... | 1973 | 9,500,000 | 3¼ | Oct. 14, 1948 | 5 | 99.885 | 3.26 | 100.50 | .615 |
| Pennsylvania Railroad Company-The United New Jersey Railroad & Canal Company general-mortgage bonds..... | 1973 | 6,487,000 | 3 | Oct. 20, 1948 | 9 | 98.7083 | 3.075 | 98.9583 | .25 |

Status of outstanding loans under section 210 of the Transportation Act, 1920, as amended

PRINCIPAL AND INTEREST IN DEFAULT ON SEPTEMBER 1, 1948

| Carrier | Principal | Interest |
|------------------------------------|-----------|--------------|
| Georgia & F. Ry. Co. receiver..... | \$792,000 | \$919,120 |
| Waterloo, C. F. & N. Ry. Co. | 1,260,000 | 1,950,855.71 |
| Total in default..... | 2,052,000 | 2,869,975.71 |

APPENDIX E

RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

| | <i>Miles of line operated</i> |
|---|---------------------------------------|
| Proceedings under section 77 of the Bankruptcy Act: | |
| Boston & Providence Railroad Corporation. ¹ ----- | 13 |
| Boston Terminal Company----- | 419 |
| Central Railroad Company of New Jersey----- | 7, 650 |
| Chicago, Rock Island & Pacific Railway Company ² ----- | 67. 64 |
| Des Moines & Central Iowa Railroad (electric)----- | 530 |
| Duluth, South Shore and Atlantic Railway Company----- | 682 |
| Florida East Coast Railway Company----- | |
| Georgia, Florida & Alabama Railroad Company. ³ ----- | 50 |
| Meridian & Bigbee River Railway Company----- | 9, 883 |
| Missouri Pacific Railroad Company----- | 39 |
| New Jersey & New York Railroad Company----- | 547 |
| New York, Ontario & Western Railway Company----- | 120 |
| New York, Susquehanna & Western Railroad Company----- | 407 |
| Rutland Railroad Company----- | |
| Wisconsin Central Railway Company. ⁴ ----- | 29 |
| Wyoming Railroad----- | |
| Receivership proceedings: | |
| Georgia & Florida Railroad----- | 408 |
| Missouri & Arkansas Railway Company----- | 365 |
| Rio Grande Southern Railroad Company ⁵ ----- | 172 |
| Smoky Mountain Railroad----- | 31 |
| Tallulah Falls Railway Company ⁶ ----- | 57 |
| Waco, Beaumont Trinity & Sabine Railway Company----- | 42 |
| Yreka Western Railroad Company----- | 8 |

¹ Owned mileage 61. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Company.

² Plan consummated. Litigation pending.

³ Owned mileage 133. Operated by Seaboard Air Line Railroad Company.

⁴ Owned mileage 898. Operated by Minneapolis, St. Paul & Sault Ste. Marie Railway Company.

⁵ Controlled by Denver & Rio Grande Western Railroad Company.

⁶ Controlled by Southern Railway Company.

APPENDIX F

STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1948

Obligations shown hereon are as at June 30, 1948. All obligations shown are net after all credits for services and salaries charged to other government activities have been made

An Act making appropriations for the executive office and sundry independent * * * Commissions * * * for the fiscal year ending June 30, 1948, and for other purposes, approved July 30, 1947:

For expenses necessary in performing the functions vested by law in the Commission (49 U. S. C. 1-24, 301-327, 901-923, 1001-1022), except those otherwise specifically provided for in this act, and for general administration, including one chief counsel, one director of finance, one director of motor transport, and one director of traffic, at \$10,000 each per annum; not to exceed \$50,000 for the employment of special counsel; contract stenographic reporting services; personal services in the District of Columbia; newspapers; health service program as authorized by law; payment of claims pursuant to section 403 of the Federal Tort Claims Act; and purchase of thirty-two passenger automobiles, of which sixteen shall be for replacement only; provided that joint board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such: provided further, that not to exceed \$5,000 may be used for the purchase of evidence in connection with investigations of apparent violations of said act:

| | |
|---|---------------|
| General expenses----- | \$9, 000, 000 |
| For expenses necessary in performing functions authorized by law (45 U. S. C. 1-15, 17-21, 35-46, 61-64; 49 U. S. C. 26) to insure a maximum of safety in the operation of railroads, including authority to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, including those pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906, and the Sundry Civil Act of May 27, 1908 (45 U. S. C. 35-37), and to require carriers by railroad subject to the Act to install automatic train-stop or train-control devices as prescribed by the Commission (49 U. S. C. 26), including the employment of inspectors, engineers, and personal services in the District of Columbia and travel expenses: | |
| Railroad safety----- | 908, 000 |
| For expenses necessary in the enforcement of the Act of February 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto", as amended (45 U. S. C. 22-34), including traveling expenses and personal services in the District of Columbia: | |
| Locomotive inspection----- | 605, 000 |

An Act making appropriations for the executive office, etc.—Con.

For all printing and binding for the Interstate Commerce Commission, including not to exceed \$17,000 to print and furnish to the States, at cost, blank annual report forms of common carriers:

| | |
|--|------------|
| Printing and binding..... | \$200, 000 |
| For deposit in the Treasury for penalty mail of the Interstate Commerce Commission (39 U. S. C. 321d): | |
| Penalty mail..... | 30, 000 |

| | |
|------------|--------------|
| Total..... | 10, 743, 000 |
|------------|--------------|

Amounts obligated under appropriations for the fiscal year ended June 30, 1948:

| | |
|----------------------------|-------------|
| General expenses..... | 8, 955, 153 |
| Railroad safety..... | 890, 266 |
| Locomotive inspection..... | 599, 981 |
| Printing and binding..... | 192, 812 |
| Penalty mail..... | 27, 613 |

| | |
|------------|--------------|
| Total..... | 10, 665, 825 |
|------------|--------------|

Unobligated balances of appropriations:

| | |
|----------------------------|---------|
| General expenses..... | 44, 847 |
| Railroad safety..... | 17, 734 |
| Locomotive inspection..... | 5, 019 |
| Printing and binding..... | 7, 188 |
| Penalty mail..... | 2, 387 |

| | |
|------------|---------|
| Total..... | 77, 175 |
|------------|---------|

| | |
|------------|--------------|
| Total..... | 10, 743, 000 |
|------------|--------------|

Statement of receipts from fees paid during the fiscal year ended June 30, 1948, as required by (5 U. S. C. 104a):

| | |
|---|--------|
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